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China

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CONTENTS

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NOTICE TO READERS: An * indicates material not previously disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

U.S.-Soviet Cooperation in UN Viewed [LIAOWANG OVERSEAS EDITION 8 Jan]	1
Shanghai Technology Park Seeks Investment [XINHUA]	2
International Bank Conference To Open in Beijing [XINHUA]	3
XINHUA Notes Developments in Noriega Case	3
World Bank To Provide New Loans [Beijing TV]	3

United States & Canada

'Roundup' on U.S. Economic Gains, Losses [XINHUA]	4
Talks to Resolve Fang Lizhi Dispute Deadlocked [Hong Kong SOUTH CHINA SUNDAY MORNING POST 7 Jan]	5

Soviet Union

Rogachev Arrives for Cambodia Talks	5
Agenda Previewed [AFP]	5
Rogachev Arrives [Tokyo KYODO]	5
Xinjiang Expands Cooperation With USSR [Urumqi Radio]	6

Northeast Asia

XINHUA on Kaifu's Upcoming European Tour	6
Antipollution Agreement Signed With Japan [Beijing TV]	7

Southeast Asia & Pacific

Bilateral Trade Talks With Thailand Open [XINHUA]	8
Burmese Officer Inspects PRC-Aided Site [XINHUA]	8
Ministers Condole Death of New Guinea Governor [XINHUA]	8

Near East & South Asia

Barter Protocol Signed With Bangladesh [XINHUA]	8
UAE To Participate in Beijing Asiad [XINHUA]	9
Ambassador Meets Mauritanian Foreign Minister [XINHUA]	9

West Europe

Spain To Provide 1st Loan From EC Since June [XINHUA]	9
Shanghai Volkswagen Sales Continue Growth [XINHUA]	9

NATIONAL AFFAIRS

Political & Social

Li Peng Expected To Announce End of Martial Law [Tokyo KYODO]	10
Politburo Tightens Grip on Government [Hong Kong SOUTH CHINA MORNING POST 8 Jan]	10

Jiang, Li Peng Speak at Court Work Forum [XINHUA]	11
Further on Song Ping's Speech on Party's Role [XINHUA]	11
Security Forces Seek Democratic Front Leaders	12
Passports Revoked [XINHUA]	12
Official Answers Questions [XINHUA]	13
Article Criticizes Wang Ruowang [RENMIN RIBAO 6 Jan]	13
Chai Ling Reportedly Escapes Capture in Zhuhai [Hong Kong MING PAO 9 Jan]	18
Pro-Vatican Catholic Leaders Arrested in December [HONGKONG STANDARD 9 Jan]	18

Science & Technology

Jiang Presents Top Science Awards [CHINA DAILY 6 Jan]	19
---	----

Military

PLA General Staff Units Hold Study Class [RENMIN RIBAO 30 Dec]	19
Article Views Tighter CPC Control Over PLA [Hong Kong TANG TAI 6 Jan]	20

Economic & Agricultural

National Meeting on Economic Restructuring Held	22
Deepen Reform, Straighten Economy [XINHUA]	22
Continue 'Reform Experiments' [XINHUA]	23
Tian Jiyun Reviews Foreign Trade, Investment [XINHUA]	24
Trade Minister Article Views Trade Prospects [RENMIN RIBAO OVERSEAS EDITION 30 Dec]	24
Adjustments To Meet Enterprise Demand for Loans [CEI Database]	26
Efforts Made Against Rapid Rise in Deposits [CEI Database]	26
Official Says RMB Devaluation Not Inflationary [XINHUA]	26
Foreigners Issued Purchasing Certificates [XINHUA]	26
Minister Discusses Material Supply for 1990 [RENMIN RIBAO 27 Dec]	27
Machine, Electronics Industry Look for Buyers [CHINA DAILY 6 Jan]	28
State Property Valued at 1.615 Billion Yuan [XINHUA]	29
Corporations To Increase Key Project Construction [XINHUA]	29
Capital Construction Projects Being Examined [CEI Database]	30
Circular Promotes Spring Festival Sales [XINHUA]	30
Song Jian Praises Agricultural Training Classes [XINHUA]	30
State Councillor Urges Energy Industry Support [XINHUA]	31
Zou Jiahua Inaugurates Qinhuangdao Port Pier [XINHUA]	31
Farmland Water Conservation Projects Viewed [RENMIN RIBAO 30 Dec]	31

REGIONAL AFFAIRS

East Region

Jiangxi Holds CPC Plenary Session [JIANGXI RIBAO 25 Nov]	33
Shandong Holds Conference on Six Vices [Jinan Radio]	35
Shanghai Reports 1989 Financial Data	35
Overseas Investment [XINHUA]	35
Tax Revenue [XINHUA]	36
Shanghai Reinstates Labor Wage Commission [JIEFANG RIBAO 29 Dec]	36

Central-South Region

New Year Interview With Guangdong's Lin Ruo [Guangzhou Radio]	36
Guangdong Forms Rules for Detaining Prostitutes [Guangzhou Radio]	37
State Taxation Director Inspects Hainan [Haikou Radio]	37
Hainan Secretary Attends Provincial Meeting [Haikou Radio]	37
Hainan Holds Meeting on Public Order Management [Haikou Radio]	38
Hubei Economic Official Views Next Year's Plan [Wuhan Radio]	38
Hubei Succeeds in Economic Rectification [Wuhan Radio]	39
Hunan Conference Considers Rural Policies [Changsha Radio]	39
Hunan To Ban Cadres From Building Private Homes [Changsha Radio]	39

Southwest Region

8,000 Guizhou Residents Build Illegal Housing [ZHONGGUO TONGXUN SHE]	40
Central Government Increases Investment in Tibet [ZHONGGUO XINWEN SHE]	40
Tibet Reports Rectification Achievements [Lhasa Radio]	40
Feature Recounts Visit To Tibet [WEN WEI PO 23 Dec]	41

North Region

Beijing Reduces Cadre Number, Raises Quality [CHINA DAILY 4 Jan]	42
Beijing To Exercise Price Controls [RENMIN RIBAO 29 Dec]	42
Beijing Reports Increased Export Value [XINHUA]	43
Inner Mongolian Commentator on Common Goals [Hohhot Radio]	43
Tan Shaowen on Tianjin Defense Education [TIANJIN RIBAO 16 Dec]	44

Northeast Region

Jilin Reports Successful Livestock Breeding [RENMIN RIBAO 28 Dec]	44
Liu Jingsong at Liaoning Army-Civilian Soirees [Shenyang Radio]	45

Northwest Region

Qinghai Forum Views Economic Situation, Planning [Xining Radio]	46
---	----

PRC MEDIA ON TAIWAN AFFAIRS

Article Criticizes Independence Movement [ZHONGGUO TONGXUN SHE]	47
Changes in Political Situation Viewed [RENMIN RIBAO OVERSEAS EDITION 19 Dec]	47

TAIWAN

Radio Commentary Considers Romania [Taipei International]	49
Article Accuses Mainland of 'Subversive' Activity [Taipei Radio]	49
Government Considers Direct Trade With USSR [CNA]	49
More on Lien Chan's Remarks on East Europe Ties [Taipei Radio]	50
Li Teng-hui Predicts Demise of Communism [CNA]	50
Reportage on Constitution Day Activities, Protest	51
Premier's Speech Disrupted [CHINA POST 26 Dec]	51
Protesters Demand Direct Elections [CHINA POST 26 Dec]	51
Radio Commentary [Taipei International]	52
Li Huan Denies Rumor of Pending Resignation [Taipei International]	52

HONG KONG & MACAO

Hong Kong

PRC Foreign Ministry Plans New Office [HONGKONG STANDARD 2 Jan]	54
Group of 89 Pleads for More Democratic Framework [SOUTH CHINA MORNING POST 29 Dec]	54
Group To Visit UK for Right Of Abode Lobbying [HONGKONG STANDARD 2 Jan]	55
December Refugee Departures Exceed Arrivals [SOUTH CHINA MORNING POST 29 Dec]	56
Future Plans for UK Consulate Announced [SOUTH CHINA MORNING POST 27 Dec]	56
Panamanian Consul Denies Alleged Passport Sales [AFP]	56
'Huge Public Spending' To Produce Deficits [SOUTH CHINA MORNING POST 23 Dec]	57

Macao

Taiwan To Open Trade, Tourism Office [HONGKONG STANDARD 30 Dec]	58
Hardliner To Resign From Legislative Assembly [SUNDAY STANDARD 31 Dec]	58

General

U.S.-Soviet Cooperation in UN Viewed

HK0901090090 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 2, 8 Jan 90, p 28

["Special dispatch" from United Nations by Qian Wen-rong (6929 2429 2837): "U.S.-Soviet Cooperation and Third World Apprehensions"]

[Text] Since Gorbachev put forward his "new thinking" for the Soviet Union's foreign policy, major changes have occurred in U.S.-Soviet relations inside the United Nations as well as their relations in the global sphere. Confrontation has been reduced; tension has been obviously eased up; mutual accommodation and cooperation have increased day by day. This state of affairs became more salient in the 44th UN General Assembly which has just concluded than in the previous two sessions. When facing such changes in the superpowers' relationship in the United Nations, the Third World countries had mixed feelings. They welcomed such changes but also cherished misgivings. Recently, their apprehensions were getting deeper and deeper.

In the past cold war years, the United States and the Soviet Union took the United Nations as one of the main battlefields for their rivalry for world hegemony, and they often played such a "rivalry game" in the UN votings when one voted for a bill, the other would certainly vote against it. In the Security Council, they exercised the veto in turn. It was even more frequently seen that they attacked each other in debates. Since the 42th UN General Assembly in 1987, such phenomena have decreased. During the 44th UN General Assembly in 1989, the two sides kept a harmonious relationship. They compromised with each other more than arguing with each other. Even though they had different opinions and criticized each other, they tried to use milder remarks and avoided irritating the other side. Sometimes, they even supported each other overtly or covertly.

The most obvious example was that the United States and the Soviet Union jointly put forward a motion on strengthening international peace, security, and cooperation at the 44th UN General Assembly. This was the first joint motion solely put forward by the two superpowers in the United Nations over the past 44 years. During the 41st UN General Assembly in 1986, the Soviet delegation for the first time put forward a draft resolution calling for "establishing a comprehensive system for international peace and security," but it immediately encountered the objection of the United States and other Western countries. Although the motion was revised every year, it still did not win support from the Western countries. However, with the obvious improvement of U.S.-Soviet relations, it was said that the two sides began to discuss the possibility and the steps for their cooperation in the United Nations in June 1989. Through bargaining, the Soviet Union agreed to

give up its motion for establishing a comprehensive security system, and the two sides agreed to work out a new motion on the same subject. Then, they invited some other countries to act as co-sponsors, and the motion was adopted by the General Assembly after the consensus of opinion was achieved through discussions. This move once again showed the new development of U.S.-Soviet cooperation to the international community. At a joint press conference in the UN Headquarters, U.S. Assistant Secretary of State John Bolton and Soviet Vice Foreign Minister [Vladimir] F. Petrovskiy jointly declared that "the U.S.-Soviet joint motion indicated that the relationship between the superpowers in the United Nations entered a new stage."

Another salient example was that the Soviet Union for the first time supported the draft resolution on hold the so-called "true elections (or free elections) on a regular basis" put forward by the United States. This was also an old motion. Because this motion obviously included the intention of interfering in other countries' internal affairs and imposing its own ideology and social system on other nations, the Soviet Union always joined Third World countries in opposing it in the past. However, the Soviet Union utterly changed its stance on this issue in 1989. It not only gave support to the United States, but also joined the United States and other Western countries in acting as co-sponsors. This showed that the Soviet Union had given up its constant stance on the issue of human rights that it maintained for several decades.

The United States and the Soviet Union repeatedly said that such cooperation between them was based on their "common interests" and their "respective needs." They did tell the truth by saying this. Due to the development of the multipolar tendency, the influence and controlling power of both the United States and the Soviet Union on the international stage has been weakened.

In order to ensure its reform, the Soviet Union needs a stable, peaceful, and non-antagonistic international environment and especially needs the political and economic support of the United States. When facing the serious challenges from the FRG and Japan in the economic and technological fields and facing the heavy pressure from the huge domestic and foreign debts and the huge federal deficit, the United States also needs to adjust its Soviet policy, and this was also a need from the consideration of pursuing the peaceful evolution policy. While maintaining its basic position, it tried to increase cooperation with the Soviet Union in every possible field. This was undoubtedly in line with the long-term interests of the United States.

On the one hand, the Third World countries held that the improvement of relations between the two superpowers would be favorable to the relaxation of the international tensions and also favorable to the smooth performance of the United Nations' functions, thus enabling it to play a more effective role in solving the

problems that affect international security and mediating regional conflicts. In this sense, they welcomed the improvement of superpower relations. On the other hand, however, more and more facts have deepened their concern that the two superpowers may only be interested in increasing their bilateral cooperation for their "common interests" and their "respective needs" and simply neglect and ignore the interests of the Third World countries or even impair their interests.

The Third World countries felt more worried when seeing the fact that the Soviet Union, which always claimed to be a "natural ally" with the Third World countries in the past, now sided with the United States on more and more issues overtly or covertly. For example, when the Palestinian issue was being discussed at the recent UN General Assembly, the Arab countries put forward a motion on upgrading the status of the Palestinian state in the United Nations by turning its current observer status as a liberation organization to the observer status like that held by North and South Korea and Switzerland. Since its founding in November 1988, the Palestinian State has been recognized by more than 100 countries in the world and has set up ambassador-level diplomatic organs in the capitals of more than 80 countries. The Palestinian state has been accepted by the Arab League and the Nonaligned Movement as a formal member. All this showed that the demand raised by the Arab countries was completely reasonable and was in keeping with the principles of the UN Charter. It was supported by most Third World countries. However, in order to shield Israel, the United States refused to recognize the existence of the Palestinian state, and did everything it could to oppose the Arab countries' motion. It even threatened to stop paying its membership fee to the United Nations if the motion was adopted. In these circumstances, the Soviet Union did not criticize the U.S. blackmail; on the contrary, it gave covert support to the United States by exerting pressure on the representatives of the PLO and the Arab countries and urging them to retract the motion. The Soviet representative even threatened to vote against the motion together with the United States if it was put to the vote. Such an event was unprecedented, and this evoked strong repercussions among the Arab countries and Third World countries.

It was particularly noteworthy that when the Second Committee of the 44th UN General Assembly deliberated the economic and social issues for more than 3 months, most of its time was used to deal with the environmental protection issue that the Western countries were concerned with, but insufficient discussion was carried out on such urgent issues as debt and trade that the Third World countries were most concerned with and no substantial progress was made on these issues. The Soviet Union made little contribution to the UN funds for promoting development in the past, but this time, it also tried to share the UN assistance with the Third World countries. Moreover, some Third World countries expressed concern over the possibility that

after drastic changes occurred in Eastern Europe, the United States and other Western countries would shift the priority of the UN assistance to Eastern Europe, thus affecting the Third World countries' interests.

When being interviewed by this LIAOWANG reporter, Nigerian Major General Garba [0502 1422 1572], chairman of the 44th UN General Assembly, said: "The Third World holds that when the superpowers are making love, they should not forget the Third World is lying under their bodies and may be crushed by them. We hope that when they stand up, we should also be able to stand up. We hope that when the superpowers are making love, they should care about the grass under their bodies."

Many Third World countries have indicated that they now can only rely on their own struggle to safeguard their independence, sovereignty, and economic interests. They did adopt this approach to disarmament, human rights, economic issues and many other issues at the 44th UN General Assembly. They adopted the same position through internal coordination and carried out firm struggle without making any concession, thus achieving remarkable results. In order to offset the negative influence of the superpower cooperation, this tendency may further develop in the future and a new situation will appear in the struggle between various forces inside the United Nations.

Shanghai Technology Park Seeks Investment

OW0901024990 Beijing XINHUA in English
0140 GMT 9 Jan 90

[Text] Hong Kong, January 9 (XINHUA)—The Shanghai Caohejing hi-tech park, China's first economic and technological zone aimed at developing hi-tech, introduced its investment environment and projects to potential investors during talks held with them here yesterday.

Representatives from more than 40 firms and banks of Hong Kong, Japan, the United States, Switzerland, France and South Korea participated in the talks on a dozen investment projects.

The Caohejing hi-tech park, covering an area of five kilometers, was established in June 1988 with the approval of the State Council of China.

In order to further improve the investment environment in the park, the Shanghai Municipal People's Government has stipulated a series of preferential policies to encourage foreign investment in the park.

A total of 17 enterprises including wholly foreign-owned and cooperative enterprises and joint ventures have been established in the park with a total investment of 210 million U.S. dollars, of which 106 million U.S. dollars are direct foreign investment.

Recently, the park has decided to transfer the long-term land use rights of a specific section of the land to foreign investors with payment to provide them with another form of investment.

International Bank Conference To Open in Beijing

OW0901084390 Beijing XINHUA in English
1248 GMT 8 Jan 90

[Text] Beijing, January 8 (XINHUA)—A high-level international conference on central banking will be held in Beijing next week, the Peoples Bank of China (PBC) announced here today.

Hong Yuncheng, spokesman of the PBC, said at a press conference that the conference will be jointly sponsored by the International Monetary Fund (IMF), the United Nations Development Program (UNDP) and the PBC from January 15 to 17.

Richard D. Erb, deputy managing director of the IMF, will chair the conference.

Foreign participants will include Paul A. Volcker, former chairman of the Board of Governors of the United States Federal Reserve System and currently chairman of the James D. Wolfensohn Investment Bank, Miguel Mancera, governor of the Central Bank of Mexico, and Jean Godeaux, former governor of the National Bank of Belgium and former president of the Bank for International Settlements.

Also attending the conference will be senior Chinese officials from the PBC, the Ministry of Finance, the Ministry of Foreign Economic Relations and Trade, the State Planning Commission, the State commission for Restructuring the Economic System, the State Council Development Research Center, and some provincial leaders and leading economists.

Hong disclosed that major topics to be discussed during the conference will be the role of monetary policy in managing the economy and the formulation and implementation of monetary policy.

They will also discuss the role of the central bank in the supervision and regulation of financial systems, and the authority and structure of central banks.

Senior Chinese leaders will meet the participants to discuss the conclusions of the conference, Hong disclosed.

After the conference, Volcker will stay on for three days to hold consultations with the PBC on issues relating to the central bank operations, Hong added.

XINHUA Notes Developments in Noriega Case

OW0801121690 Beijing XINHUA Domestic Service
in Chinese 0825 GMT 7 Jan 90

[“One-Week International Situation” (1-7 January)
Former PDF Commander Noriega is in the Hands of
U.S. Forces”—XINHUA headline]

[Text] Beijing, 7 Jan (XINHUA)—On the evening of 3 January, former PDF commander General Noriega left the Vatican Embassy “on his own will.” Soon afterwards, the U.S. invading force took custody of Noriega and then flew him under escort to Florida in the United States.

On the afternoon of 4 January, Noriega appeared for 20 minutes before U.S. federal court in Miami. At the court, he refused to reply to the U.S. drug trafficking charge. According to Noriega’s attorney, Noriega appeared before the court under coercion. The attorney said that Noriega should not be prosecuted because he became a political prisoner after U.S. forces illegally invaded Panama.

U.S. President Bush on the evening of 3 January issued a statement that the United States will give Noriega a “fair” trial. He also said the U.S. invading forces “have accomplished all objectives” and will withdraw from Panama as soon as possible.

After Noriega entered the Vatican Embassy in Panama on 24 December, the U.S. side surrounded the embassy with several hundred armed troops, held frequent consultations and talks with the Vatican authorities, and finally compelled Noriega to “voluntarily leave” the Vatican Embassy.

U.S. Secretary of Defense Cheney announced on 4 January that since Noriega had “given himself up” to U.S. authorities, the U.S. invading forces will return home in several weeks. However, he also said that the United States does not want to withdraw its troops from Panama too soon because sufficient troops must remain there on order to ensure a so-called “restoration of order and establishment of democracy.” In addition, President Bush on 4 January sent General Powell, chairman of U.S. Joint Chiefs of Staff, to Panama to discuss questions concerning the withdrawal of U.S. troops with the commander of the U.S. Southern Command.

The governments and parliaments of some Latin American and European countries over last few days have continued to condemn the U.S. invasion of Panama and demanded an early withdrawal of U.S. troops in order to let the Panamanian people decide the future of their country themselves.

World Bank To Provide New Loans

OW0601135790 Beijing Television Service in Mandarin
1100 GMT 4 Jan 90

[Announcer-read report from the “National News Hookup” program]

[Text] According to a report by the China International Broadcasting Station, a bylined article in today's WASHINGTON POST disclosed that Conable, president of the International Bank for Reconstruction and Development, would soon hold a Board of Governors meeting to discuss granting low-interest loans to more than 50 of the poorest countries in the world. Conable stated that the loan project would be completed in 3 years.

He said: The needs of the 1.1 billion people living in China cannot be ignored. The World Bank will provide a new loan of \$750 million to China. In addition, through one of its affiliated institutions—the International Development Association, the bank will provide China in the next 3 years a interest-free soft loan worth \$2.25 billion.

United States & Canada

'Roundup' on U.S. Economic Gains, Losses

OW0901031490 Beijing XINHUA Domestic Service
in Chinese 0525 GMT 6 Jan 90

["Roundup" by XINHUA Reporter Guo Yong (6753 0516): "About U.S. Economic Gains and Losses During the 1980's"]

[Text] Beijing, 6 Jan (XINHUA)—The U.S. economy recorded some gains and some losses in the 1980's, but which were bigger? Please take a look at the following facts:

- The U.S. GNP nearly doubled during the 1980's, reaching \$5.3 trillion from \$2.7 trillion; but the national debt increased more than three times during the same period, reaching \$2.9 trillion, with the United States having to pay \$165 billion of interest on its debts per year. Both corporate and personal debts have noticeably increased.
- While both imports and exports grew substantially in the United States during the 1980's, the growth of the foreign trade deficit gained momentum every year. The U.S. foreign trade deficit invariably exceeded \$100 billion each year after 1984. Today the United States is the world's largest net debtor nation. The amount of foreign assets in the United States exceeded \$1.5 trillion, exceeding U.S. overseas assets of \$1.2 trillion. In 1988 the United States paid approximately \$100 billion of interest, dividends, and rent to foreigners, exceeding its earnings from overseas investments for the first time.
- While 20 million jobs were created during the 1980's, most of the newly created jobs paid relatively low salaries, and the number of employees in the manufacturing sectors decreased. The number of workers of the 500 largest business corporations listed in *FOR-TUNE* magazine dropped by 3.5 million.

U.S. economists differ in their views on the U.S. economy during the 1980's and the 1990's.

Economist Friedman of Stanford University's Hoover Institute said: "The U.S. economy is basically very healthy. There is no reason to believe that the 1990's cannot be as good, or even better, than the 1980's. There is no reason to believe that we can't have high growth with relatively low inflation during the next 10 years."

Many economists hold views which differ from that of Friedman. They point out that the continuous economic growth 7 years in a row and the alleviation of inflation were due to support by colossal domestic and foreign debts and to the selling of assets, and said that that was an unwise trend. Rohatyn, a Wall Street investment banker said: "Our cities are indeed declining, and our educational system is highly chaotic. To make up for our fiscal and foreign trade deficits, we are selling more and more businesses ... [ellipses as received] the U.S. position will certainly decline."

Professor Kelland of Middlebury College pointed out that the 1980's were on the whole a "spend now, pay later" period. What can be done in the 1990's? In addition to the staggering debts, there are numerous things that will need money. For example, about \$412 billion are needed for repairing highways and maintaining bridges and the air control system; and \$89 billion are needed for the disposal of nuclear and chemical wastes and for water purification.

In addition to shortage of funds, another problem which worries U.S. businessmen most is the sharpening of international competition. Japan is the country which the United States fears most. Although Japan's GNP today is less than two-thirds of that of the United States, it is growing faster than the United States. In fact, Japan is already ahead of the United States in certain areas: In 1980, the United States had 6 of the 10 largest banks in the world; but in 1989, Japan had 8, and the United States had only 1. During the 1980's, total capital of the Tokyo Stock Exchange already exceeded that of the New York Stock Exchange; and Japan's per capita income also exceeded that of the United States. Furthermore, a great deal of real estate in the United States was bought up by Japan during the 1980's. Western Europe is another formidable adversary and its investment in the United States is even higher. EC officials maintain that the changes in Eastern Europe will expedite Western Europe's pace in building a large integrated market and increase its competitiveness in the world.

Weiss, vice chairman of the U.S. Motorola Company, said with great concern: "The problem we are facing is essentially one of survival. The competition environment has become increasingly critical. A big fight will certainly erupt. If we cannot win it, then the United States will eventually become a country renting other's hotel rooms and selling hamburgers."

Talks to Resolve Fang Lizhi Dispute Deadlocked

HK0701020090 Hong Kong SOUTH CHINA
SUNDAY MORNING POST in English 7 Jan 90 p 1

[By Dean Nelson, Political Editor]

[Text] Talks to solve the Fang Lizhi dispute between China and the United States are deadlocked on whether he should remain in China or be allowed to leave for a neutral third country, Communist Party sources have revealed.

Earlier reports that the leading dissident and his wife, Li Shuxian, were to be granted asylum in Australia, were dismissed by a Foreign Ministry spokesman last week. A Party source told the SUNDAY MORNING POST the dispute was unlikely to be resolved in the near future.

Fang and his wife have been living under U.S. protection in the Beijing Embassy since the massacre in June. Both were charged with "counter-revolutionary crimes" in the wake of unrest last summer.

It is understood China wants an agreement under which the veteran dissident and leading astro-physicist stays in China to live with his family and work on his research projects without interference from the authorities.

In return, Fang must agree not to make any public statements for a period of up to 10 years.

Communist Party sources say this proposal is not acceptable to either the United States or Fang himself. Instead, U.S. negotiators want him to be given permission to leave for a third country.

China has not ruled out this option, but insists that country should be neutral and on good relations with China. Sources have mentioned Sweden and Switzerland as possible destinations, but Italy is another.

Countries such as France, where exiled dissidents have established their headquarters, the United States, or Canada and Australia, are not acceptable to China. Communist Party sources say they fear the prospect of Fang becoming involved with the exiled pro-democracy groups in those countries.

There is concern that, once out of China, the authorities will not be able to hold Fang to any agreement. They would prefer him to be in China, where they would have complete control over the situation. U.S. diplomats say China is happy to continue with Fang in the embassy.

Communist Party sources say the Fang problem is now the largest obstacle to the resumption of normal ties between the two countries. Although a solution would not lead to immediate normalization, it would bring it closer.

A spokesman for the U.S. consulate in Hong Kong declined to comment on negotiations over Fang and his wife, but a leading China-watcher based in Hong Kong said it was a likely scenario, and added that Sweden's

refusal last week to grant asylum to a Chinese athlete could pave the way for Fang to be allowed to leave Beijing for Stockholm.

Soviet Union

Rogachev Arrives for Cambodia Talks

Agenda Previewed

HK0901111090 Hong Kong AFP in English 1100 GMT
9 Jan 90

[Text] Beijing, Jan 9 (AFP)—Soviet Deputy Foreign Minister Igor Rogachev arrived here Tuesday for talks with Chinese officials on ways of settling the Cambodian problem, a Soviet embassy spokesman said. He will discuss in particular an Australian proposal that Cambodia should be put under a U.N. administration pending elections, the spokesman said.

The Vietnamese-backed Phnom Penh government, which also has Soviet support, is fighting a tripartite resistance coalition which occupies Cambodia's seat in the United Nations and whose main component, the Khmer Rouge, is strongly aided by China. The Soviet embassy spokesman said it was unlikely that other questions would be raised during Mr. Rogachev's "four or five day" visit, such as the present upheavals in Eastern Europe.

These developments were already covered during a visit to Beijing at the end of December by a Soviet Communist Party delegation led by the head of the central committee's international department, Valentin Falin.

Mr. Rogachev will go on to Paris for a meeting on Cambodia with his counterparts from the other four permanent members of the U.N. Security Council, the United States, Britain, France and China.

His visit here comes as China has been complaining ever more loudly about Soviet President Mikhail Gorbachev's foreign policy, which has led to Eastern European countries shaking off communist domination.

An official commentator quoted by the New China News Agency accused Moscow Monday of teaming up with the United States at the expense of its "natural allies" in the Third World, including China.

Last month an internal Chinese Communist Party report blamed Mr. Gorbachev for the "disappearance of socialism" in Eastern Europe and the "disorder" there.

Rogachev Arrives

OW0901144790 Tokyo KYODO in English
1330 GMT 9 Jan 90

[Excerpts] Beijing, Jan. 9 KYODO—Igor Rogachev, Soviet deputy foreign minister for Asia and Pacific Affairs, arrived Tuesday to sound out Chinese leaders on

Kampuchea before a meeting next week by the permanent members of the U.N. Security Council.

Rogachev's visit is aimed at coordinating views between Beijing and Moscow regarding the 11-year-old Kampuchean conflict prior to a meeting in Paris January 15-16 of deputy ministers of foreign affairs from the United States, the Soviet Union, China, France and Britain—the five permanent members of the U.N. Security Council. [passage omitted]

Xinjiang Expands Cooperation With USSR

HK0901032790 Urumqi Xinjiang Regional Service
in Mandarin 1230 GMT 7 Jan 90

[Text] In 1989, Xinjiang made a number of important breakthroughs in its economic and technological cooperation with the neighboring Soviet Union.

In 1989, the volume of trade between Xinjiang and the Soviet Union doubled. Moreover, Xinjiang also held several trade fairs and trade talks in a number of nearby Soviet cities, entertained several high-level economic and trade delegations from the Soviet Union, and signed with the Soviet Union a total of nearly 100 agreements on bilateral economic and technological cooperation.

Xinjiang and the Soviet Union also signed agreements on jointly making investment in five major projects involving a total of 25.16 million Swiss Francs.

Xinjiang also cooperated with the Soviet Union in vegetable and grain growing and in developing medical technology, textile industry, tobacco processing industry, chemical industry, and computer technology.

Xinjiang's total volume of trade with the Soviet Union reached 163.11 million Swiss Francs in 1989, representing a 138-percent increase over the previous year.

In 1989, Xinjiang's export of garment, embroidery, and textile products to the Soviet Union doubled.

The year 1989 also saw a sizable increase in Xinjiang's export of light industrial products, mechanical products, and electronic products to the Soviet Union.

Most of the goods imported by Xinjiang from the Soviet Union in 1989 were those badly needed by its regional industrial and agricultural productions, such as steel products, chemical fertilizer, cement, raw materials, as well as commodities needed by Xinjiang's ethnic minorities.

Northeast Asia

XINHUA on Kaifu's Upcoming European Tour

OW0701164590 Beijing XINHUA in English
1555 GMT 7 Jan 90

["News Analysis: Kaifu Goes on European Trip With Tough Task" by Zeng Hu—XINHUA headline]

[Text] Tokyo, January 7 (XINHUA)—Japanese Prime Minister Toshiki Kaifu will start a tightly-scheduled 11-day trip to Europe Monday to promote Japan's diplomacy and strengthen his own power base in the political arena at home.

The trip is so important that many observers here believe it will be a test for the prime minister, and the outcome of it will affect, favorably or unfavorably, his chance of staying in power after the upcoming House of Representatives election in February.

Kaifu, accompanied by his wife and Foreign Minister Taro Nakayama, will visit Federal Germany, Belgium, France, Britain, Italy, the Vatican City, Poland and Hungary.

The main objective of the tour, as Japanese Foreign Ministry officials indicated recently, is to demonstrate Japan's intention to play a more active and greater role in the world affairs, against the backdrop of drastic changes happening or about to take place on the European Continent.

After Bonn, Kaifu will fly to West Berlin on Tuesday to look at the Berlin Wall and deliver a keynote speech to present European leaders and the world with his own "vision" of what is called "Japan's post-cold war diplomacy."

He will stress that the era of confrontation is rapidly coming to an end, and that the global search for a new order is already under way.

He will proclaim that Japan is ready to play a part as a major co-founder of that "new global order."

Also in his speech, Kaifu will unveil a Japan's package of 1.95 billion U.S. dollars in aid to Poland and Hungary, including 500 million dollars each to be extended to the two countries in three years in the form of loans from the Export-Import Bank of Japan.

The prime minister is also to announce during the trip that Japan will invite 875 trainees from Poland and Hungary to heighten their administrative and management skills.

Moreover, Kaifu will for the first time announce that Japan will provide aid to all other Eastern European countries, including Romania, Czechoslovakia, and Democratic Germany.

By expanding its economic assistance to East European nations and promoting exchanges in other fields, Japan is not only trying to upgrade its status on the political stage of the world, but also doing this with exploiting a potential market in mind, analysts here pointed out.

Under the overall vision of helping develop a new global order "in a favorable and stable manner," another major objective of Kaifu's trip is to seek strengthened relations

between Japan and West European countries, which have long been considered the weakest link in the U.S.-Japan-Europe triangle.

The Japanese prime minister is scheduled to have talks with Federal German Chancellor Helmut Kohl, French President Francois Mitterrand, British Prime Minister Margaret Thatcher, Belgian Prime Minister Wilfried Martens, Italian Prime Minister Giulio Andreotti, and Jacques Delors, president of the European Community Commission.

A high-ranking Foreign Ministry official said that now is really a supreme chance for strengthening the relations with Europe as the 12-nation EC is to be integrated into a huge common market with 320 million people in 1992.

According to Japanese officials, Japan will welcome a stronger Western Europe, but many observers here noted that Japan will urge the unified EC to be open to the rest of the world, suggesting Japan's fear of being shunned by the huge continental market.

Meanwhile, Foreign Ministry officials also hinted that the real aim of drumming up ties with Europe is to send a warning signal to the United States against pressing Japan too hard on trade issues.

During his tour, Kaifu will also make a pledge to the European leaders that Japan will commit itself to promoting prosperity and stability in Asia in the new international context of an end of the cold war.

He will seek European cooperation in trying to ease tensions in the Asia-Pacific region, where the confrontation on the Korean peninsula and the Kampuchea conflict remain to be resolved.

Kaifu will also call on the Soviet Union to apply its "new thinking diplomacy" to the Asian-Pacific region.

But as analysts view it, the Soviet Union's diplomacy of "new thinking" is centered on Europe and no agreement has been reached on the reduction of arms in Asia, for unlike Europe, where the picture of East-West confrontation is simple, in Asia, tension takes different forms from region to region and is complicated.

Therefore, Europeans as well as Japanese will want to know what plans Japan has for creating a similar tension-easing atmosphere in Asia, after the prime minister's European journey.

As some Japanese sources close to the prime minister said, "the success of the trip depends on whether Kaifu will be able to speak convincingly, if not eloquently, about his vision of Japan's diplomacy in the new era."

Kaifu has been known here for being eloquent, but Japanese media pointed out that eloquent diplomacy does not mean a performance with bodily gestures; it means using clear language that will reach the hearts of the people and the presenting of concrete theories with principle.

In fact many Japanese are doubtful whether Kaifu can meet the requirement.

It is believed here that the toughest task for Kaifu is to try to erase a deeply-rooted impression the Europeans share concerning Japan's diplomacy.

The impression was once expressed by former Federal German Chancellor Helmut Schmidt, who said that Japanese foreign policy is characterized by a weak-kneed and compromising attitude toward the United States and not by imagination, the will to make changes, the freedom of independent action.

However, for Kaifu, whether the trip will be successful or not is important in the first place in the effect it will have on the February general election, which will not only determine the fate of the 35-year-long ruling by the Liberal Democratic Party (LDP), but will also decide whether Kaifu can keep the post of the LDP president and that of prime minister.

Kaifu now is undoubtedly determined to use his journey as a major boost to both the LDP and his own apparently weak standing in the party, as illustrated by the fact that the timetable for the election has been set among senior LDP politicians with little consultation with Kaifu.

It will be an ideal scenario that Kaifu demonstrate his capability in producing a successful trip, thus strengthening his position in the intra-LDP power struggle, bettering the chance for the LDP to attain its announced but humble target of winning a simple majority of 257 seats or more in the 512-seat lower house election to continue the party's rule over the country, and further making it possible for Kaifu to follow through on pledges and promises he makes during the European trip.

As analysts here see it, it would be wonderful to kill two or three birds with one stone, but it is by no means an easy job.

Antipollution Agreement Signed With Japan

OW0963073690 Beijing in Japanese to Japan
0930 GMT 7 Jan 90

[Text] The Pollution Control Office of the State Environmental Protection Bureau recently signed an agreement with the Japan-China Exchange Center of Japan on the protection of water resources in the water canals drawing water from Luanhe River to Tianjin. The agreement, signed in Beijing, provides for cooperation in personnel exchanges, exchange of experts, joint research and exchange of information. The water canals drawing water from Luanhe in northern Hebei Province to Tianjin were completed 7 years ago in 1983. This solved the long-standing problem of drinking water in the city of Tianjin. However, due to industrial development in areas along the canals in recent years, water pollution has been aggravating. This led to the agreement between China and Japan to cooperate in preventing water pollution and protecting water resources.

Southeast Asia & Pacific

Bilateral Trade Talks With Thailand Open

OW0801175890 Beijing XINHUA in English
1526 GMT 8 Jan 90

[Text] Pattaya, January 8 (XINHUA)—The fifth session of Sino-Thai Joint Committee on Economic Cooperation opened here today to review bilateral trade development and discuss the way to further expand economic and trade ties.

At the opening session, Thai Deputy Foreign Minister Praphat Limpaphan said that bilateral trade had been developing rapidly in recent years, and that the two countries had constantly overfulfilled fixed trade target since 1985.

He hoped that both countries would review trade and economic ties and discuss the way to increase their economic cooperation.

It was disclosed that the bilateral trade volume had reached 1,100 million U.S. dollars last year.

The Chinese side expressed satisfaction with the growing trade between the two countries.

The Chinese and Thai Governments had set the target of the annual trade volume at 800 million U.S. dollars in 1985. To reach the goal, the two sides have explored more methods of cooperation including balancing imports and exports.

In 1988, bilateral trade reached 1,000 million U.S. dollars.

The range of exported products has also been expanded in recent years. China exported not only traditional crude and diesel oils but also chemicals, pharmaceuticals, native produce, light industrial and mechanical goods.

Thailand's extended exports include glass, chemical fiber, steel tubes and fish powder as compared to only rice and corn in previous years.

Burmese Officer Inspects PRC-Aided Site

OW0701144890 Beijing XINHUA in English
0809 GMT 7 Jan 90

[Text] Yangon, January 7 (XINHUA)—Brig-Gen Khin Nyunt, secretary (1) of the Myanmar (Burmese) State Law and Order Restoration Council, Saturday inspected the construction site of the China-aid Cultural Theatre, where he had discussions with Chinese engineers.

According to a report from today's "WORKING PEOPLE'S DAILY", Khin Nyunt said: "The reason for coming and meeting with a group of engineers from China is to be able to provide local materials if necessary for the construction of this cultural theater."

"It is our responsibilities to see to it that the technicians from China who have come to Myanmar to carry out construction work will not encounter with any difficulty," he added.

The construction of the 1,500-seat theatre started in November 1987.

Khin Nyunt noted that when Chinese leaders come to visit Myanmar, they will be very glad to see that the culture theatre have been completed and hence the two projects built with Chinese aid and under friendly ties between the two countries, the cultural theatre and the Yangon [Rangoon]-Tanyin Bridge, should be completed earlier than scheduled.

China is the most intimate "paukphaw" country of Myanmar, he said, adding that this is true because many Chinese delegations have come to visit Myanmar and cultural troupes of the two countries will exchange visits under the bilateral cultural exchange program.

Referring to last year's visit to China by a Myanmar goodwill delegation headed by Commander-in-Chief (Army) Lt-Gen Than Shwe, the secretary (1) recalled that "we were warmly welcomed and treated most hospitably and we thank them for it."

Ministers Condole Death of New Guinea Governor

OW0401122090 Beijing XINHUA in English
0929 GMT 4 Jan 90

[Text] Beijing, January 4 (XINHUA)—Wu Wenying, Chinese minister of textile industry, and Liu Huaqiu, vice-foreign minister, went to the Embassy of Papua New Guinea in Beijing today to condole on the death of Ignatius Kilage, governor general of Papua New Guinea.

Chinese President Yang Shangkun presented a wreath for the governor general who died on December 31, 1989.

Near East & South Asia

Barter Protocol Signed With Bangladesh

OW0801182590 Beijing XINHUA in English
1631 GMT 8 Jan 90

[Text] Dhaka, January 8 (XINHUA)—Bangladesh and China signed here today the 12th barter protocol to exchange goods worth 31 million U.S. dollars each way.

Under the protocol, Bangladesh will export crust and finished leather, raw jute and jute goods, tea, tobacco, G.I. pipe, super enameled copper wires, stainless razor blades and tea processing machinery to China.

The items to be imported by Bangladesh from China under the protocol include machinery equipment and spares, light industrial products, dyes and chemicals, diesel(hs), power tiller, steel billets, steam coal, pig iron, refractory materials, scientific and surgical instrument.

UAE To Participate in Beijing Asiad

OW0701145690 Beijing XINHUA in English
0103 GMT 7 Jan 90

[Text] Dubai, January 6 (XINHUA)—The United Arab Emirates will participate in the 11th Asian Games to be held in Beijing from September 22 to October 7.

Amed Abdull Bu Hassain, secretary general of the Supreme Council for Youth and Sports, told XINHUA here today that the numbers of athletes the U.A.E. will send and of the events in which they will compete will be decided within a month.

The U.A.E. sent a 50-member delegation to the 1st Asian Games in Seoul South Korea, in 1986.

The U.A.E. participants to the Beijing Asian Games are expected to be around 50 and the events they are likely to take part in may include soccer, track and field, swimming and table tennis.

The U.A.E. soccer team reached the World Cup Finals for the first time last year and will join the other 23 teams from around the world in the finals in Italy this June.

The U.A.E. also has some promising athletes in track and field.

The secretary general said the U.A.E. athletes are scheduled to start training in April.

Ambassador Meets Mauritanian Foreign Minister

OW0601200790 Beijing XINHUA Domestic Service
in Chinese 0225 GMT 1 Jan 90

[Text] Nouakchott, 31 Dec (XINHUA)—Cheikh Sid 'Ahmed Ould Baba, Mauritanian minister of foreign affairs and cooperation, met with Liu Bai, Chinese ambassador to Mauritania, today. During the meeting Baba said that the stability of China is important for stability worldwide.

Foreign Minister Baba added: The Government and people of Mauritania are very concerned about the situation in China and are glad to see that economic reform and readjustment are being carried out smoothly there and that China's situation is stable and its social order normal. The Mauritanian Government supports the measures taken by China to safeguard the party's leadership, stability, and unity.

During the meeting, Ambassador Liu Bai briefed the Mauritanian minister on the domestic situation in China.

West Europe

Spain To Provide 1st Loan From EC Since June

OW0601075790 Beijing XINHUA in English
0633 GMT 6 Jan 90

[Text] Madrid, January 5 (XINHUA)—Spain is to provide China with an Assistance and Development Fund loan of 3.3 billion pesetas (30 million) [as received], the first from the European Community since last June.

This was decided at a cabinet meeting today, after which a spokesman explained that E.C. members can now resume their lending operations to China.

The new aid is the first part of a loan protocol reached between the Spanish and Chinese Governments last January, under which Spain would offer a soft loan of 450 million to China.

The new loan will be given in the form of technology and equipment.

Shanghai Volkswagen Sales Continue Growth

OW0501123190 Beijing XINHUA in English
1050 GMT 5 Jan 90

[Text] Shanghai, January 5 (XINHUA)—The Shanghai Volkswagen Automobile Co. Ltd produced and sold 15,687 cars in 1989, according to Managing Director Wang Rongjun.

Wang said that the cars produced by the biggest Sino-Federal German joint venture were overstocked earlier last year due to enhanced state control of institutional purchasing power. But as the state has relaxed control since last December the cars were quickly sold out.

Wang said that the output last year was 19 percent higher than in the previous year and the year's profit was the highest since the company went into production in 1985.

Shanghai Volkswagen enjoys total capitalization of 980 million yuan, shared equally by the two sides.

The managing director said that 53.77 percent of parts for the automobiles were produced in China in 1989, representing an increase of 23.21 percent over the previous year.

He also announced that the company plans to produce 170,000 cars this year, with 70 percent of the parts sourced in China. The company will also make efforts to improve quality, lower cost and achieve better economic returns, he said.

Political & Social**Li Peng Expected To Announce End of Martial Law**

OW0901143190 Tokyo KYODO in English
1415 GMT 9 Jan 90

[Text] Beijing, Jan. 9 KYODO—China will lift the seven-month-old martial law in Beijing with a nationwide broadcast that is expected to be made Wednesday afternoon, a Chinese source said Tuesday.

Premier Li Peng, who announced the imposition of martial law on May 20 last year, is expected to make the announcement.

The source said the top Chinese leadership had originally decided to end martial law on December 23 but put it off because of political turmoil in Romania.

China is apparently lifting martial law to improve its international image which was tarnished after the bloody crackdown on pro-democracy demonstrators in Beijing on June 4.

Diplomatic observers say they expect China will press the West to lift economic sanctions after martial law is removed.

In Tokyo, a top government official said an end to martial law would encourage Japan to resume economic cooperation with China, including the implementation of an 810 billion yen low-interest loan package.

The Politburo, the Chinese party's top decision-making body, decided to lift martial law in Beijing at a meeting held on or around December 20, the Chinese source said.

The announcement set for December 23 has been delayed because the Chinese leadership feared the political turmoil in Romania might spill over to China, the source said.

The source said Chinese leaders recently decided to go ahead with their plan as students in Beijing limited their reaction to the events in Romania to putting up wall newspapers.

The source said a nationwide announcement on the end of martial law was expected in the next couple of days, most likely on Wednesday afternoon.

The Chinese news media on Tuesday made no mention about an end to martial law but news reports in Hong Kong said it would take place on Tuesday.

Politburo Tightens Grip on Government

HK0801013790 Hong Kong SOUTH CHINA
MORNING POST in English 8 Jan 90 p 10

[By Willy Wo-lap Lam]

[Text] The Chinese Communist Party is tightening its control over the Government by beefing up party organizations in various departments and administrative units.

According to a decision made by the Politburo late last year, party organizations will be revived in all ministries as well as regional and local-level administrative organs.

From now on, the party organization in a ministry or department, rather than the minister or department head, will hold the ultimate decision-making powers.

The enhancement of the role of party goes against the principle of separation of party and government, one of the most important reform legacies of patriarch Deng Xiaoping and ousted party chief, Mr Zhao Ziyang.

According to the Hong Kong-based weekly ECONOMIC REPORTER, after the pivotal 13th party congress in 1987, the party organizations in most Government ministries have been abolished.

The exceptions were the State Education Commission, the People's Bank of China, and the State Commission for the Reform of the Economic Structure.

The abolition of party organizations had made way for the "ministerial responsibility system", under which the minister calls the shots in his unit.

Analysts say the abolition of the ministerial responsibility system stems from Beijing's desire to boost ideological control over Government officials.

"During the pro-democracy movement last spring, officials in more than a score of State Council ministries and departments joined in demonstrations," said a Chinese source.

"With the restitution of party organizations, discipline will be easier to enforce."

Since the mid-1980s the number of professional party functionaries in government units, including large and medium-sized state factories, has gradually been cut.

This is to ensure economic efficiency in view of the fact that party functionaries only take care of such political matters as recruitment of new CCP members, ideological indoctrination and party discipline.

In the wake of the decision to raise the status of party organizations, analysts expect the number of full-time party apparatchiks to be brought back to the level in the 1970s.

The restitution of party control of those Government units which are headed by non-party members.

At present three vice-ministers are members of China's eight non-communist or "democratic" parties. It is envisaged that, to mollify the non-mainstream parties, more democratic party politicians will be appointed to vice-ministerial posts.

In another development, the party organization in army units has also been beefed up.

After the June 4 Tiananmen Square crackdown, the General Political Department of the People's Liberation Army has passed new measures to ensure "party control of the gun".

Soldiers are forbidden to join non-CCP social and political organizations, including the eight democratic parties.

The powers of the political commissars in military units of all levels have been extended to include not only ideological, but also operational matters.

Jiang, Li Peng Speak at Court Work Forum

*OW0601131090 Beijing XINHUA in English
1225 GMT 6 Jan 90*

[Text] Beijing, January 6 (XINHUA)—China should strengthen its legal system to meet the needs of reform and opening to the outside world, General Secretary Jiang Zemin said here today.

More efforts should be made in training legal personnel, spreading legal knowledge and promoting citizens' consciousness of law, Jiang added.

The party leader was speaking at a meeting with participants to an on-going national conference on court work.

Enhancing the work of people's courts is of great significance to promoting social stability, cracking down on economic crimes, guaranteeing the reform and opening to the outside world as well as safeguarding state security, Jiang said.

Socialist democracy is a democracy for the majority of the people, he went on, and democracy is always connected with a legal system.

Therefore, the general secretary said, China should strengthen its legal system in earnest in order to protect citizens' rights to enjoy democracy.

Premier Li Peng, Qiao Shi, a Political Bureau Standing Committee member, Yang Baibing, a member of the party Central Committee's Secretariat, were also present at the meeting.

Premier Li Peng said that as a part of the state machine, the courts should protect the legal rights of citizens while cracking down on various crimes.

The premier said China is facing complicated international and domestic environments. Western hostile forces will not stop their attempt to bring about a "peaceful evolution" in China, and hostile forces at home have not yet given up their scheme to shake the socialist system.

Under these circumstances, Li said, China should on the one hand continue its reform and opening policy and on

the other strengthen its legal system. While increasing exchanges with foreign countries, he added, China should prevent the infiltration of decadent things.

The political and economic situation is stable in China, the premier said, and the overriding task for this year is maintaining stability.

"If China has a stable year in 1990," Li said, "there is hope for success in the current drive to improve the economic environment and rectify the economic order."

Further on Song Ping's Speech on Party's Role

*OW0701211090 Beijing XINHUA Domestic Service
in Chinese 1410 GMT 5 Jan 90*

[By reporter He Ping (0149 1627)]

[Text] Beijing, 5 Jan (XINHUA)—While addressing both the opening and closing sessions of a theoretical research class on party building, Song Ping, member of the Standing Committee of the CPC Central Committee Political Bureau, repeatedly stressed that a fundamental question concerning party building is what kind of party is to be built. What we should do, he said, is to comply with the party building principles of Marxism-Leninism-Mao Zedong Thought and persist in building the Chinese Communist Party into a vanguard of the working class, which is more mature, stronger, and more united with improved combat capability.

While speaking at a session marking the conclusion of the research class, Song Ping touched on the need to strengthen and improve party leadership, and said: Without the Communist Party, there would be no socialism and the Chinese people would have not been liberated, nor could China become truly rich and strong. This is a truth borne out by history. It is of utmost importance to uphold the party's nature as the vanguard of the working class and to strengthen and improve party leadership. We must unswervingly take economic construction as our central task, adhere to the four cardinal principles, and persist in conducting reforms and opening to the outside world. At the same time, we must never let down our guard against the "peaceful evolution" conspiracy and the infiltration and subversive activities of the international hostile forces. As for major international and domestic events, we must see them from the Marxist viewpoint, correctly understand and distinguish between different types of contradictions, and make a sober judgment that conforms to reality.

Song Ping said that in the development of world history over the last 100 years or so, the communist movement has expanded from Europe to the Asian Continent, the communist theory has spread all over the world, and the practice of socialism has developed from a system in a single country to a common practice in many countries, bringing new hope to mankind and showing great vitality. He pointed out: Building socialism is a new cause in human history. It is understandable that temporary difficulties may be encountered in the march

forward, and twists and turns, and even setbacks, may appear in the course of development. It is an inevitable rule of the development of human history that socialism and communism will ultimately triumph, and no anti-communist and antisocialist forces whatsoever can obstruct this. The Chinese Communists are full of confidence about the future of socialism. They are determined and have the capability to do a good job in everything in their own country and to continuously push forward the socialist cause with Chinese characteristics.

Song Ping stressed that maintaining the party's flesh-and-blood ties with the masses of people concerns the prosperity or decline and the rise or fall of our party, and thus should be regarded as a very important question to be dealt with. He said: We must adopt a variety of methods to strengthen the ties with the working class and the masses of the people. We must constantly go deep among the masses of workers and other people to listen to their opinions and demands, do more things that really benefit them, and help them get rid of troubles and solve difficulties so that the masses will genuinely feel that the party is working wholeheartedly in their interests. We also must resolutely overcome corruption, bureaucracy, and other unhealthy practices within the party and beef up our efforts to build a clean government and improve our party style. In formulating policies, and in particular those policies that concern the vital interests of the broad masses, it is imperative not only to take into consideration the overall interests of the state, but also to be concerned about the realistic demands of the masses. As long as we can maintain the flesh-and-blood ties between the party and the masses at all times, our party is sure to be in an invincible position.

Song Ping said: The macroclimate for strengthening party building has now begun to take shape. Party organizations at all levels should take this opportunity to work hard and make new strides in the work of party building. The work of cadre evaluation should be carried out conscientiously from beginning to end. It is necessary to make clear the cadres' performance and, at the same time, to raise the level of understanding and improve the quality of party members and cadres. He stressed that attention should be paid to improving party organizations and political power at the grass-roots level, and measures should be taken to change the state of backward party branches and villages. Some localities have dispatched their cadres to gear up the work at the grass-roots level. This has produced good results, he added.

In his speech, Song Ping expressed the hope that all leading cadres with party membership and all party workers would painstakingly study the Marxist classics and Comrade Deng Xiaoping's works on party building and link such study with their practical work and struggle. He said: The work of party building is indeed faced with many new circumstances and questions. The Marxist theory on party building should continue to be enriched with new contents and developed and

improved in the light of the new situation, but its basic principle has not been outdated and must be adhered to. He emphasized: The level of one's understanding of the Marxist theory depends principally on whether he can grasp the essence of the theory, have a correct understanding of the world, and explain and solve the questions encountered in practical work. Of utmost importance at present is to be adept at using the Marxist stand, viewpoint, and method to analyze and understand the intricate international and domestic contradictions; draw conclusions in line with reality; justly and forcefully uphold the basic Marxist principles on party building; and struggle against all erroneous viewpoints tampering with, distorting, and negating Marxism. Meanwhile, we should be good at using these basic principles to properly sum up our party's rich experience over the past decades, especially the last 10 years, in strengthening the work of building itself, and then strive to derive rules and actively deduce new theoretical generalizations based on this experience. In addition, all localities are requested to pay attention to and step up the work of training cadres, draw up plans for this, and bring into full play the role of party schools at all levels in educating and training cadres.

The meeting held today to mark the end of the theoretical research class on party building was presided over by Lu Feng, head of the Organization Department of the CPC Central Committee. Xue Ju, executive president of the Central Party School, gave a speech summing up the studies and discussions held at the class.

The theoretical research class on party building opened 5 December last year. During the past month, members of the class studied and discussed some important questions at present concerning the theory and practice of party building while centering around the main task of building the Chinese Communist Party into a stronger vanguard of the working class and into a staunch nucleus of leadership for socialist modernization.

Security Forces Seek Democratic Front Leaders

Passports Revoked

OW0701073090 Beijing XINHUA in English
0648 GMT 7 Jan 90

[Text] Beijing, January 7 (XINHUA)—A spokesman for the exit and entry bureau of China's Ministry of Public Security today announced the withdrawal of the passports held by Yan Jiaqi, Wan Runnan and Chen Yizi.

Yan Jiaqi, Wan Runnan and Chen Yizi are criminals wanted by the Chinese public security organizations, the spokesman said.

The spokesman said the three have absconded to avoid punishment and initiated and organized the reactionary organization "Front for Democracy in China" overseas, continuing their criminal activities to harm the country's security, honor and interests.

The decision was made January 3 in accordance with China's regulations on citizens' exit and entry, the spokesman said.

Official Answers Questions

OW0701141690 Beijing XINHUA Domestic Service
in Chinese 0843 GMT 7 Jan 90

[Text] Beijing, 7 Jan (XINHUA)—A responsible person of the Beijing Public Security Bureau today answered XINHUA reporters' questions on the "Front for Democracy in China."

Question: A spokesman for the Exit and Entry Management Bureau of the Ministry of Public Security announced that because Jiaqi, Wan Runnan, and Chen Yizi, criminals wanted by the Chinese public security departments, have continued to engage in criminal activities of undermining China's security, honor, and interests by initiating, organizing, and establishing the "Front for Democracy in China" overseas, their passports are revoked according to law. Please explain the nature of this organization, "the Front for Democracy in China"?

Answer: The "Front for Democracy in China" is a reactionary organization which attempts to overthrow the Chinese people's government and is hostile toward and tries to sabotage the socialist system in China. It was founded on 22 September 1989 in Paris, France by Yan Jiaqi and his like, who are criminals wanted by the Chinese public security authorities, with the connivance and support of overseas reactionary forces.

The "guiding principles" of this organization are to abolish the CPC leadership, overthrow the socialist system, and turn the people's democratic republic into a bourgeois republic. Obviously, this goes against China's Constitution and relevant laws.

Ever since its founding, the "Front for Democracy in China" has been active in carrying out sabotage activities against the people's government of China. The members of the "Front for Democracy in China" have deceived and roped in some Chinese studying abroad, made contacts with hostile elements in and out of China, expanded their reactionary organization, and tried hard to infiltrate into China. They gathered information, concocted rumors, and forged an overseas edition of the RENMIN RIBAO in an attempt to spread counterrevolutionary propaganda and incite the masses to topple the people's democratic regime and the socialist system. Wan Runnan and others have made contacts with Taiwan's secret service organization, the "Overseas Work Committee", and formed a delegation to visit Taiwan to seek financial aid. They have, in fact, allied themselves with the Taiwan secret service.

Question: What is the policy toward the "Front for Democracy in China"?

Answer: Article 1 of "The Constitution of the People's Republic of China" clearly stipulates: "The People's Republic of China is a socialist state of the dictatorship

of the proletariat led by the working class and based on the alliance of workers and peasants": "The socialist system is the basic system of the People's Republic of China. Sabotage of the socialist system by any organization or individual is prohibited." Article 28 of the Constitution stipulates: "The State ... suppresses treasonable and other counterrevolutionary activities." In accordance with the Constitution and relevant laws, we prohibit any activities of the "Front for Democracy in China" on Chinese territory. Any secret organization set up by the "Front for Democracy in China" within Chinese territory will be banned according to law. People who have taken part in the organization's activities will be treated in different ways. The handful of people who founded the "Front for Democracy in China," like Yan Jiaqi, are criminals wanted by the Chinese public security departments for having incited, plotted, and directed the turmoil and counterrevolutionary revolt in China. They must be dealt with according to the criminal law. Ordinary members of the "Front for Democracy in China" must dissociate themselves from the organization as soon as possible and forswear carrying out any activities assigned by the front in order to be treated leniently.

Article Criticizes Wang Ruowang

HK0801123090 Beijing RENMIN RIBAO in Chinese
6 Jan 90 p 2

[Article by Luan Baojun (2940 0202 0193): "Wang Ruowang: the Man and His Deeds"]

[Text] Is He a Writer or a Politician?

In Shanghai in the 1980's, perhaps nobody knew a famous writer called Wang Ruowang. He was not renowned for his outstanding literary works. In this field, he could not even compare with ordinary writers. His fame did not come from his work as a writer, but from his role as a politician. In particular, in the second half of the 1980's he was basically engaged in politics rather than literary creation. In this period, apart from a collection of short stories entitled "Rays of Light That Can Never Be Kept Out," he only wrote political essays. In addition, he was busy running for some offices and giving speeches and lectures to spread his bourgeois political and literary viewpoints. According to the contents of his works and speeches in the early 1980's, he mainly talked about art and literature. In the essays and speeches mentioning the party's leadership, he still talked mostly about the party's leadership over art and literature. In that period, he had not divorced himself from the realm of art and literature. However, in the late 1980's, he seldom discussed art and literature in his essays and speeches; instead, he talked a lot about various political issues, including the party's leadership, socialism, political structural reform, the socialist economy, democracy, and the legal system. Wang Ruowang was steadfast in maintaining his bourgeois political position and was clear about what to love and what to hate. In his essays, the headlines could show his

bias and boldness. He was not a political scientist, but he liked to discuss political issues. He was not an economist, but he also discussed economic issues everywhere. Of course, he always proceeded from the position of bourgeois liberalization when talking about everything. Like other so-called "elites," he was also rather crazy, and it seemed to him that all people should listen to his teachings. He regarded himself somewhat as a savior of the world.

When Wang Ruowang was indulging in the discussion of political issues in the late 1980's, he showed an obvious feature of worshipping and fawning over foreigners and foreign things. He liked to have his essays and speeches published in foreign countries or in overseas areas. This reflected his special mentality. Like all other "elites" of turmoil, he knew that without the support of the foreign capitalist forces, it was impossible for them to overthrow the socialist system and the Communist Party's leadership in China. He published his essays and speeches in foreign countries and in overseas areas for the purpose of soliciting external support so that foreign pressure could be applied on domestic affairs and that pressure on the party could be invited from the forces outside the party. This was his political purpose.

Wang Ruowang bragged unblushingly: "Liberalization will not bring about anything bad. I myself can be regarded as a founding father of liberalization."

A person's history is written with his words and deeds. Is Wang Ruowang a "courageous and outspoken" writer or a bourgeois politician? His own words and deeds have given the best answer.

Being Incompatible with the Party's Policy toward Art and Literature

In the past, although Wang Ruowang was a "writer with party membership," he did not show any respect for the party's policy toward art and literature. He particularly abhorred Comrade Mao Zedong's "Speech at the Forum on Art and Literature in Yanan." On 5 December 1979, he said in a speech: "Without testing through practice the points of the 'Yanan Forum Speech' that we used to treat as sacred and inviolable, our mentality in art and literary creation will still not be emancipated and we will still not be free enough. It should not be treated as a holy bible any more. Some proportions there were not correct at that time, and some other points have become dated." All people who have read the "Yanan Forum Speech" may feel that Wang Ruowang was not realistic. In his speech at the Yanan Forum, Comrade Mao Zedong systematically expounded the position and attitude that our writers and artists should adopt, pointed out whom they should serve, mentioned their work and study, and also criticized some erroneous viewpoints. Because of the changes in historical conditions, some remarks may not be relevant to today's situation, but the basic principles remain valid and are not outdated. However, Wang Ruowang did not say anything to affirm it and simply took it as something worthless.

In his approach to art and literature, what he most disliked was the party's leadership over art and literature. In 1979, he published an essay entitled "On 'Governing by Doing Nothing' in the Field of Art and Literature," saying that our party always "tended to give arbitrary orders in violation of the objective laws governing art and literature." He also said: "The party interferes too widely in art and literature and tries to manage too many concrete affairs in this field. As a result, art and literature cannot flourish as expected, and the hundred flowers have withered rather than blossom." At that time, his viewpoints in this essay were criticized, and some critics pointed out that Wang tried to shake off the party's leadership. However, he did not admit this and argued that he had no intention of opposing the party's leadership. Now, there is no need to argue about this any more, and Wang Ruowang has provided sufficient evidence with his deeds to support the accusation of the critics at that time.

In fact, if people more carefully observed Wang's words and deeds at that time, it would not be too hard to discover his real attempt. In December 1980, Wang Ruowang quoted a poem by a contemporary writer in one essay entitled "Worries From 'Close Attention'": "Three days after being a bride, I began to cook soup for the family. For the little sister-in-law, the soup was tasteless, so I added salt and sauce to it. It was too salty for her, and I added some sugar. The taste became so ugly, and I could only pour it to the pigsty. Those who want to cook something proper should not become a bride." The implication of the poem was plain to all people. He told writers who "want to write something proper" to ignore what the Communist Party asked them to do. When Wang wrote this essay, the market for movies was rather slack, and television dramas became the vogue of the day. Some people held that television dramas flourished because leaders paid close attention to them. Wang Ruowang did not agree with this opinion. He expressed concern over the situation in which newspapers and journals called on all people to "pay close attention to the creation of television dramas." He said that "if all those parents-in-law pay attention to the creation of television dramas, television dramas will also face the same fate of the movies." In his eyes, if the party did not pay attention to something, something will develop; but if the party paid attention to it, it would wither as a seedling under the scorching sun. What a terrible scene this was!

We do not deny that when the "leftist" ideology held the dominating position, the party would commit errors in exercising leadership over art and literature. The errors included the incorrect criticism of some works and the unfair treatment of some writers. However, this does not mean that the party should not and cannot exercise leadership over art and literature. Wang Ruowang described the individual work of writers as something mysterious. Art and literary creation is certainly a kind of individual work. However, can it become better if the creation is conducted with the help of the party and the

masses? People and things in socialist society are all new. It is not easy for a writer to grasp the personality of various figures and the regularity of various things and to vividly and profoundly reproduce such figures and things in their works. In these circumstances, is it unnecessary to listen to leaders' opinions, to come into contact with various people, and to gather more firsthand materials? It is not realistic to merely stare at some mistakes and shortcomings in the party's leadership over art and literature without giving consideration to the positive factors. This is also unfavorable to the development of art and literary creation.

In the field of art and literature, our party always holds that art and literary works should produce good social effects. Wang Ruowang was also averse to this. It was not a controversial issue that art and literary works should produce good social effects. Even in capitalist countries, obscene and intolerable works are also banned. However, Wang Ruowang did not care about this. He argued again and again that laying stress on social effects was a "bludgeon." His real purpose in opposing the mentioning of social effects was to make art and literature a realm brooking no criticism so that writers could write what they liked to write. If there was criticism, it must be something "leftist." It was clear to all people what consequences would be caused if art and literature were guided by this "theory."

Opposing the Taking of the Socialist Road

Being repugnant to socialism and yearning for capitalism were the feelings that Wang Ruowang showed long ago, but he used clear and definite language to oppose the taking of the socialist road in China in the later half of the 1980's.

The first one of Wang Ruowang's arguments against socialism is the so-called theory of "making up a missed lesson." Wang Ruowang was one of those attending the second forum on "the new technological revolution and structural reform" held in Hangzhou in 1986. He said: "Our concept of socialism is vague and not clear, some things have been obtained from utopian socialism, and many things are fictitious patterns. We have a blurred idea of what of our own situation in China is and our understanding of it is wrong." "Empty illusion is regarded as a correct objective" and "the capitalist production mode is just what our China needs and urgently needs. This is a conclusion to which I have come after I analyzed the long-term historical experiences. This is a step that we must take; we have skipped it, but we can make up the missed lesson." "Do not bashfully emphasize the superiority of socialism. Tell me what superiority it has!"

From this statement, we can see that Wang Ruowang lacks both the fundamental knowledge of socialism and has no serious attitude toward study. He has talked irresponsibly and confused right and wrong. 1) He has confused the shortcomings and mistakes in our work with the superiority of socialism. After the founding of

New China, under the guidance of "Left" ideology, we made mistakes; issued confused orders and rashly advanced in the unremitting political movement and economic construction; and, especially in the "great leap forward" and the "10 years of turmoil," caused a loss of several hundred billion yuan to our country. This period of time was just the period of international economic takeoff. With one advancing and one retreating, the difference between us and the economically developed countries and regions appeared to be especially large. Nevertheless, we still recorded a fairly great development and scored great achievements among these continuous frustrations. Take the 34 years from 1952 to 1986 for example, the gross social output value of our country recorded an increase of 14.7 fold, the gross industrial and agricultural output value increased 15.8 fold, and the national income increased 7.8 fold. In this period, the nuclear industry, astronautics industry, ship-building industry, and some new industries of our country developed greatly, and this was obvious to all. We can imagine that had we not had so many mistakes, our achievements would have been greater. This fully proves the superiority of socialism and that what Wang Ruowang said about no superiority was wrong. 2) Wang Ruowang does not know that party leadership and correct theoretic guidance can push society to develop by leaps and bounds. Wang Ruowang said with satirical flavor: "We fought a guerrilla war for 20 years and it was announced at Tiananmen that capitalism was not needed." "On a certain day in 1949, a leader led us to enter socialism." Everybody knows that on 1 October 1949, Comrade Mao Zedong announced at Tiananmen: The PRC is founded. He did not announce that from that day China had entered socialism or built socialism. After its founding, the PRC underwent a 3-year period of economic rehabilitation and the First 5-Year Plan beginning in 1953. That period was called the transition period. After the socialist transformation of the private ownership of the means of production and the elimination of the bourgeoisie as a class, entering into socialism was then announced. Although there was a question of rash advancement and the mistake of the ideology of the "Left" in this period, the situation of a leader announcing China entering into socialism on a certain day was not as Wang Ruowang said it was 3) Wang Ruowang said capitalism had passed through 200 years, we could not skip it, and we should make up the missed lesson. This was untenable. China did not take the capitalist road, but chose the socialist road. This is not an arbitrary selection by anybody but has historical and social reasons. When the mainland was liberated, China was a socially backward country with a low level of productive forces. In a predicament in which we had a large population and no longer wanted to be trampled upon, we could only emancipate our limited social capital—including the productive forces composed of manpower and material resources—from the shackles of the old productive relations, work out a unified plan, use them in a concentrated way, and selectively develop things that were urgently needed so as to enrich the people and to make our country powerful in a relatively

short time. We have to take the socialist road. There is a basic Marxist viewpoint: Under given conditions, the transformation of the productive relations plays a major and decisive part in developing the productive forces. After the liberation of the mainland, the proletariat wielded political power, the means of production belonged to all laboring people or the collective of the laborers, exploitation was eliminated, the laborers became the masters of the country, and the principle of distribution according to work in the course of production so that the productive forces were emancipated and social development was promoted. Wang Ruowang has closed his eyes to the facts and this can only prove that he is full of prejudice.

The second one of Wang Ruowang's arguments against socialism is the so-called theory of "public harm of being state-owned." In 1987, Wang Ruowang published in Hong Kong's PAI HSING an article, "The CPC Must Abolish the Malpractices of the 'Public Harm of Being State-Owned'"; attacked the socialist system in a comprehensive way; and seemed to impute all the sins of mankind to socialist public ownership. This article was divided into six sections with six subheads: "Malfeasances of Bureaucratism Are Now Repeated," "Brains Are Used To Satisfy Selfish Desires Under the Pretext of the 'Public Interests'," "The World is Declining in Its Moral Values and Model Cadres Become Even Fewer," "State Ownership Makes People Lazy," "Extravagant Eating and Drinking and Eating and Drinking for Nothing," and "The 'Public' Harm Is Too Much to Mention." Why does Wang Ruowang gnash his teeth so much at public ownership? Like the other "elites," he understands very much: Public ownership is a major sign of socialism, it cannot be called socialism without public ownership, and negating public ownership is tantamount to getting rid of the last position of socialism.

Those who study some Marxist-Leninist books know: In capitalist society, socialization of production and private ownership of the means of production produce acute contradictions. In the article: "The Principles of Communism," Engels said: "Competition and industrial production carried out by individuals become the shackles of big industry" and therefore it is necessary to "build a brand-new social organization" and "allow all members of society to participate according to the general plan for the public interests," and "it is completely correct that communists put forward their major demand for the abolition of private ownership." In the "Manifesto of the Communist Party," Marx and Engels said: "Modern bourgeois private ownership is the most complete expression of production and possession of products that is built on class antagonism and on the exploitation of some people by some other people." The elimination of private ownership and the establishment of the economic foundation for public ownership is an important step to eliminate exploitation.

Of course, given the public ownership system, management can be an extremely complicated and difficult task.

Although we have accumulated rich and valuable experience in socialist construction over the past 40 years since the founding of the PRC, we dare not say that this problem has already been resolved. Just the contrary, many problems and difficulties are still awaiting a resolution. Nevertheless, the public-owned economy has already displayed its superiority. In only 40 years, an impoverished and underdeveloped China has been turned into a country with the beginnings of prosperity. We are providing for 1/5 of the world's population with only 7 percent of the world's farmland. And China's GNP has increased to rank eighth in the world. With regard to the output of major products, China has been making very rapid progress: Now it ranks first in the world in terms of the output of coal, grain, cotton, oil, and meat; it ranks fourth in terms of the steel output; and it ranks fifth in terms of oil output.... To be sure, China still lags behind many countries in terms of per-capita national product, but this is only because of its excessively large population. Even some people of capitalist countries acknowledge this factor, agreeing that it is by no means an easy task to manage a large country with a population of 1.1 billion. However, this Wang Ruowang just ignores all these difficult circumstances and keeps on attacking us and belittling our achievements. This points to nothing but his lack of the spirit in seeking truth from facts.

Another issue that has invited Wang Ruowang's criticism against socialism is about distribution. The issue of distribution is an important aspect of the production relations. At the socialist stage, our distribution principle is: "From each according to his ability, to each according to his work." A few years ago we put forth the slogan "let some people get rich first." This is a correct slogan. But, due to a lack of experience, we failed to introduce a whole set of supporting policies while putting forth this slogan. For example, at the beginning we were not quite clear about who should be getting rich first, by what means they are going to get rich, how far they will go in getting rich, and how the relationship between personal and collective interests in this process is defined. In giving guidance, we did make some mistakes. As a result, for a while we were faced with some problems—some people became upstarts while others did not enjoy rapid increase in their income. Problems like this should be resolved, otherwise it would dampen the initiative of the vast majority of people. Therefore, during a meeting with some foreign guests, Comrade Deng Xiaoping said: "Our policy is to let some people get rich first, and our purpose in introducing this policy is to reach the goal of common prosperity sooner. Since the ultimate goal of socialism is common prosperity, the other principle we uphold is that our policy must not lead to polarization, or, to put it more precisely, our policy must not further impoverish the poor while further enriching the rich." This remark by Comrade Xiaoping is correct, theoretically and practically.

But Wang Ruowang believes that polarization is an inevitable trend. In his article "My Opinions on 'Polarization'", he wrote: "In socialist society, now and in the

future...., 'some people will get rich first' while some others decline. Those getting rich will become richer, while those on the decline will 'be getting poorer.' This is an inevitable trend and a reasonable outcome of free competition."

Wang Ruowang has always claimed himself to be the spokesman for the people. But his remarks on the above issue have fully exposed him in his true colors. "Polarization" is the outcome of the system of man exploiting man. In a society based on the system of private ownership, the capitalists own production means while the working class has nothing but labor force. By extorting surplus value from the workers, the capitalists rake in more and more capital. This form of distribution of social products results in two extremes—a few billionaires in contrast to a whole working class and to the unemployed in particular, who are making a precarious living. The communists rose in revolt because they wanted to eliminate this unreasonable phenomenon. If the society depicted by Wang Ruowang was the ideal for China, then for what did our revolutionaries fight for decades at the risk of their lives? The society Wang is longing for was already available under Chiang Kai-shek's reign.

Coming out Into the Open in His Vain Attempt to Overthrow the CPC's Leadership

For many years Wang Ruowang has been trying to cast off the party's leadership over the literature and art circles. In the beginning, he did it in an implicit way. He had been bolder in opposing the party's leadership verbally, but was more cautious in airing his views by publishing articles. When some people criticized him for his attempt to shake off the party's leadership, he denied the charge, declaring that he "had never repudiated the party's leadership."

But camouflage cannot last long. The reason why Wang Ruowang did not brazenly oppose the party in the early 1980s was not because he did not want to do it, but because he could not do it at that time. The general climate at that time forced him to put up some camouflage. However, in the late 1980s, bourgeois liberalization began to run rampant; international capitalist forces gave all their support to "dissidents"; and Fang Lizhi, Liu Binyan, and some other people talked a lot of nonsense while travelling abroad. Such circumstances strongly tempted Wang Ruowang to brazenly oppose socialism and the CPC's leadership. Then, after the upheaval [dong luan 0520 0052] that took place between last spring and summer, Wang thought it was time for him to come out into the open to attempt to overthrow the CPC's leadership.

Comrade Hu Yaobang passed away quite unexpectedly on 15 April. Wang Ruowang was just delighted at the sight of college students' demonstrations in the streets. He said: "Something exciting is going to happen. The day I have been longing for has finally come." Being excited, he spoke the truth: "Why does Hu Yaobang's

death arouse so many people's passion and grief? In fact, people are making use of this opportunity. One thing we can be sure about is that the current student movement, once stirred up, cannot be put out.... In essence, this is a political movement." Wang Ruowang is sensitive enough, and very adept at seizing the opportunity too! He was to go into action.

On 21 May, the day after Premier Li Peng announced the imposition of martial law on some districts in Beijing, some people in Beijing and Shanghai continued to take to the streets to demonstrate. Wang Ruowang said to his friends: "The situation is excellent. I especially expect an even greater change today. Workers have joined the demonstrators, and people in cities have joined the demonstrators. Their (editor's note: meaning the party's and the government's) doom is near. Now (they) have only two choices: They may agree to open dialogue at once—of course, this dialogue will not be so simple as the previous two, but will be subject to some conditions, say, Yan Jiaqi, Fang Lizhi, or even Zhao Ziyang may be requested to assume power; This dialogue will actually be a roundtable conference. Or they may refuse to open dialogue but continue military control [jun guan 6511 4619] (editor's note: this is the term Wang Ruowang actually used), and continue to oppose the people. In the latter case, a revolution like the French Revolution in which the people in Paris stormed the Bastille will repeat in China and they will become China's Chon Tu-hwan and Marcos."

Wang Ruowang expected that the CPC was bound to fall from power after this upheaval [dong luan 0520 0052]. Then who will rise to power in place of the CPC? Wang Ruowang said: "Some people are afraid that China will have no cadres to operate the government once the CPC is overthrown. In fact their worries are groundless. Didn't the press mention quite a few figures these days? For example, Yan Jiaqi, Fang Lizhi, and so on. Are they not politicians? Every organization has a few members like them. In addition, many young leaders like Wang Dan, who have stood the test of mass campaigns and have been acknowledged by the public as capable successors, have emerged in the current movement. After all, we still have Zhao Ziyang to rely on."

Having drafted such a name list to fill his leading body, Wang Ruowang immediately took action. He said: "The situation in Beijing has changed. So we do need to also establish an organization in Shanghai to draw up a tentative plan and to work out some methods. We must not stand by with folded arms." He was too impatient to wait any longer. So he immediately phoned his friends, urging them to draft an "open telegram to the All-China Writers' Association and the Chinese people," and trying to induce more well-known personages to sign the telegram. In Wang Ruowang's eyes, the CPC will be finished, and he and his comrades will take power as soon as he stands up to make an "appeal" and sign and send a "telegram."

Now the upheaval and counterrevolutionary rebellion staged by those "elites" has been quelled. But the struggle has not ended. On our part, we in the CPC have a lot of experience to sum up and many lessons to draw. As for those who spoke in support of Wang Ruowang in the past, I am afraid they probably have to make a retrospection on their words and deeds, and draw a lesson from this case.

(This is an abridged version of an article originally published in WEN XUE BAO on 14 December 1989)

Chai Ling Reportedly Escapes Capture in Zhuhai

HK0901052090 Hong Kong MING PAO in Chinese
9 Jan 90 p 8

[Special dispatch: "Two Men and One Woman Flee Southwards and Chai Ling Is Likely To Be Among Them"]

[Text] According to a report from Zhuhai, well-informed people disclosed that Chai Ling, a student movement leader who has been listed as wanted by the Chinese authorities, had sneaked into Zhuhai a few days ago. She attempted to flee outside the country but she was careless, and was discovered by the border defense personnel. But, subsequently, Chai Ling escaped from Zhuhai.

It was disclosed that on New Year's Eve, Zhuhai City public security and border defense departments received information that Beijing student movement leader Chai Ling would sneak into Zhuhai in an attempt to flee outside the country. On the evening of 31 December last year, a border defense troop discovered two men and one woman of suspicious appearance in Hutou Town, and its personnel fired at them, pursued them, and tried to capture them, but they successfully escaped.

It was learned that Zhuhai City public security and border defense departments have identified the female among them as Beijing student movement leader Chai Ling; from New Year's Day up to the present, all border defense sentry posts and checkpoints in Zhuhai City have therefore been on alert and have strictly questioned all pedestrians.

Pro-Vatican Catholic Leaders Arrested in December

HK0901014990 Hong Kong HONGKONG STANDARD
in English 9 Jan 90 p 1

[By Lo Dic]

[Text] At least seven pro-Vatican Catholic leaders in North China were arrested last month—one on political grounds and the others for religious reasons.

Senior leaders from the government-backed Chinese Catholic Patriotic Association (CCPA) yesterday confirmed two of the arrests, one in Shaanxi Province and the other in Tianjin City.

The Shaanxi priest, Father Anthony Zhang Guangyi of Sanyuan County, was arrested at his residence on December 11 after saying "something wrong" at a religious meeting, a senior leader of the Shaanxi CCPA said.

He stressed that Father Zhang's arrest was definitely not a religious issue.

"it's a political issue," he said, but declined to disclose what the arrested priests had said during the meeting.

Father Zhang, 83, visited the Vatican in 1987 and was received by the Pope.

A spokesman for the Tianjin CCPA confirmed that Bishop Joseph Li side of that city had been arrested, but said he knew nothing about the conditions of the arrest or the whereabouts of the cleric.

Bishop Li was appointed Bishop of Tianjin in November.

Meanwhile, the Hong Kong-based UNION of CATHOLIC ASIAN NEWS [UCAN] has disclosed that another four clandestine Catholic leaders were arrested and a fifth "disappeared" in December.

UCAN quoted a Hong Kong Catholic as saying information from "reliable Chinese sources" revealed that one of those arrested was Bishop Peter Liu Guangdong of Yixian in Hebei Province.

Bishop Liu was arrested in Baoding on November 26 and asked to appear at the city's public security bureau office.

He has not been seen since, the mainland source said.

Appointed bishop in 1982, Bishop Liu was active in the clandestine Catholic community in the Hebei region.

The Hong Kong source added that Bishop Peter Joseph Fan Xueyan of Baoding had disappeared.

Bishop Fan, who was reported as having been taken on "sightseeing journeys" by the authorities since his 1987 release on parole, went missing after being taken away by local police authorities on December 11, the Hong Kong source said.

Appointed Bishop of Baoding in 1951, the 82-year-old Bishop Fan is one of the seven living Chinese bishops appointed by Pope Pius XII. He was first arrested and imprisoned in the 1950s.

Another two priests and a lay leader of the clandestine Catholic Church in the Baoding diocese were arrested during December, according to another Hong Kong Catholic source quoted by UCAN.

They were named as Father Shi Wande, Father Su Zemin and lay leader Wang Tongshang.

Father Su was only recently appointed vicar-general of the Baoding diocese by Bishop Fan.

There has been no CCPA-appointed bishop in Baoding diocese since Bishop Wang Qiwei was elected by the local CCPA in 1958.

He later married and left the diocese, the Hong Kong source said.

All those arrested belong to clandestine Catholic communities which refuse to denounce the authority of Vatican and accept the statebacked CCPA.

Science & Technology

Jiang Presents Top Science Awards

HK0701042490 Beijing CHINA DAILY in English
6 Jan 90 p 1

[By our staff reporter Yang Xiaoping]

[Text] Six outstanding Chinese scientists were awarded the Chen Chia-keng Prize—China's top science award—yesterday for their contributions to research on medical, life and earth sciences in China.

At a ceremony held in Beijing's Science Hall, Jiang Zemin, General Secretary of the Central Committee of the Communist Party of China and Dr C.N. Yang, a Nobel Prize laureate, praised Chinese scientists' achievements in the three areas.

The six prize winners are doctors Song Hongzho, Wu Baozhen and Wang Yuan from Peking Union Medical College's hospital for their successful treatment of Choriocarcinoma, a malignant cancer of the uterus with a high incidence in China, Professor Zou Chenglu from the Institute of Biophysics under the Chinese Academy of Sciences for his research on protein engineering and Professors Liu Dongsheng and Sun Honglie from the academy's Commission for Integrated Survey of Natural Resources for their comprehensive study on Qinghai-Tibet Plateau, the world's highest plateau and its impact on the natural environment and human activities.

The prize, named after Chen Chia-keng (1874-1961), a patriotic overseas Chinese and an educator, was first issue in January 1988 and tended to reward remarkable achievements in six areas, i.e. agricultural, technical, material, medical, life and earth sciences.

The Party General Secretary called on Chinese scientists to learn from Chen Chia-keng because of his patriotism and enthusiasm for education. Jiang emphasized that without education and modern science and technology, the four modernizations will not be realized in China.

Professor Zhou Guangzhao, President of the Chinese Academy of Sciences and President of Chen Chia-keng Foundation, said that next year's ceremony would be held in Chen's hometown, Xiamen, a major port city of Fujian Province.

Military

PLA General Staff Units Hold Study Class

HK0801130490 Beijing RENMIN RIBAO in Chinese
30 Dec 89 p 3

[Article by He Jiangbo (6320 3068 3134) and Chen Daiping (7112 0108 1627): "Concentrating Attention—Sidelights on the First Study Class of the CPC Committee Secretaries of the PLA General Staff Units"]

[Text] In the last 20 days of the 1980's, nearly 60 CPC committee secretaries at the division, army, and group army levels from various units under the PLA General Staff gathered together at a hillside in the western suburbs of Beijing to begin their first study class. This was the first class of its kind in the history of the PLA General Staff.

Following the political turmoil which took place throughout the country between the spring and summer of 1989 and in the face of the harsh realities and the current grim struggle, our comrades began realizing that it is imperative to strengthen the party-building work and the party leadership. Each and every CPC member, especially the middle-ranking and high-ranking cadres of our party, should learn a profound lesson from what happened in our country between spring and summer of 1989.

In rectifying the ideology and summing up the experiences and lessons, the CPC committees at various levels under the PLA General Staff unanimously acknowledged that "it is easier to destroy a bastion from within." It goes without saying that should we fail to grasp the party-building work, our morale would inevitably be sapped and our great wall of steel would be destroyed. That would indeed be a tragedy for us all. The work of carrying out the building of the governing party has always had an important bearing on the continued existence and survival of the governing party. Party-building work used to be one of our "Three Magic Weapons". Today, we should still firmly hold this magic weapon, the most important among the three.

After repeated deliberations and discussions, the CPC Committee of the PLA General Staff decided to hold the first study class of CPC committee secretaries to start discussions on the important topic of how to ensure the CPC's absolute leadership over the Army.

Thus the departments concerned immediately began making necessary preparations for the study class. However, they soon encountered two major problems: 1) Troops usually have to undertake more tasks at the end of each year. Is it possible and feasible to gather together so many officers at and above division level to attend the

study class? 2) With regard to the curriculum of the study class, who are going to be the lecturers and how are they going to teach the study class?

However, what really happened later was indeed beyond people's expectations.

The CPC committee secretaries of nearly 60 military academies and scientific research institutions across the country, which had been notified of the holding of the study class, arrived in Beijing on time. They included political commissars and commanding officers holding various important posts within the Army. However, as CPC committee secretaries, they realized that their primary task is to grasp and strengthen the party-building work. Some of them said: "We so seldom have a chance to attend such a study class. We must attend it no matter how busy we are." Some of them had originally planned to attend 11 meetings before they received the notice notifying them of the holding of the study class. As soon as they received the notice, they immediately altered their original work schedules and made the necessary arrangements for attending the study class. Quite a few generals whose families are in Beijing have decided not to return home during their study period. In this way, they have been able to delve into certain important study subjects, attend the study class punctually, and participate in the discussions during the day and read the study materials, rearrange their notes, consult one another, and discuss the ways to solve the "problems" in their study in the evening.

All the members of the CPC Committee of the PLA General Staff have acted as lecturers in the study class. The leaders of the PLA General Staff said: "We should join other comrades in the study class no matter how busy we are." No sooner had Chi Haotian, chief of the PLA General Staff, returned to Beijing from a trip than he went to attend the study class, participate in the discussions, and help to formulate the teaching programs. Xu Xin and Xu Huizi, deputy chiefs of the PLA General Staff, Zhao Cong, director of the Political Department of the PLA General Staff, and some other senior officials of the PLA General Staff have also attended the study class and given lectures.

What is the key link in the party-building work?

On the basis of extensive investigations and study, the study class finally decided on the orientation of "grasping one main line and three basic links."

Party-building within the Army is of special importance and has to meet high demands. Party-building within the Army should be aimed at adhering to and ensuring the

party's absolute leadership over the Army, this being the main line. To this end, it is necessary to grasp the following three basic links: 1) To guarantee the leadership of the CPC committees at all levels; 2) To strengthen the building of CPC committees at all levels; 3) To become competent CPC committee secretaries. All the comrades agreed that by grasping the aforementioned main line and three basic links, they will be able to consciously abide by the objective law of the party committee building and the party committee work. They acknowledged that the aforementioned three basic links have deepened their understanding of the important study topic of how to ensure the CPC's absolute leadership over the Army. Quite a few comrades said: "We will strengthen our party-building work according to this orientation when we go back to our units."

Article Views Tighter CPC Control Over PLA

HK0901041790 Hong Kong TANG TAI in Chinese
No 7, 6 Jan 90 pp 4, 47

[Article by Wan Li-hsing (8001 6849 5887): "The Organs Which Control the Army of the CPC";

[Text]The All-Army Political Work Conference which closed in mid-December, further strengthened the organs of the CPC in the Army. The purpose of this move is to ensure "absolute leadership" of the CPC over the Army.

It should be noted that "absolute" leadership of the CPC over other fields is seldom mentioned. However, absolute leadership and control over the Army is never evaded. Following the Tiananmen incident, and particularly stimulated by the East European situation, the CPC has gone further in exercising "absolute control" over the Army. In view of the tides at home and abroad requesting democracy and freedom within the communist party, the current All-Army Political Work Conference made the following response on strengthening party leadership over the Army:

First, clearly prohibit other parties from establishing organizations in the Army and prohibit Army members from joining organizations other than the Communist Party. As a result, the People's Liberation Army [PLA] has become a private tool solely owned by the CPC.

As a matter of fact, the democratic parties in China have never played any substantial role in the country's political life. They have no status at all in the Army. Why, then, is it necessary to lay down these prohibitions? This shows that following the political structural reform proposed recently, the democratic parties intend to play an increasing role. Moreover, there has also been a response of "earnestly implementing the system of multi-party cooperation under leadership of the communist party" within the communist party. This development was actually reasonable. Prior to the 4 June incident, a number of people in the Army studied this issue (democratic parties participating in state affairs). Some "salons" also emerged among some young Army officers (semi-political organizations freely set up by officers focused on discussing and deliberating political affairs). Moreover, as the democratic parties were allowed to recruit new members in recent years, the proposals of many democratic parties produced an impact on young officers (but did not yet reach the stage of attracting them). The Central Military Commission took note of this trend long ago and intended to check it, but dared not take action without any reason. Following the 4 June incident, the hardliners within the Army took the opportunity to lay a new prohibition, forbidding any non-authorized organizations in the Army, a move which checked the influence of democratic parties within the Army.

Second, increase the number of party organizations in the units and offices at all levels of the Army so that every level is under direct party control. According to the stipulations of the CPC, "departmental party committees" will be set up in the military regions, subdistrict (or provincial military district), and group armies; party committees will be set up in the division, brigade, and regiment units; grassroots party committees will be set up in the battalion units; and party branches will be set up in the companies. This forms a party system from the top to the lower levels.

In light of the PLA organizational system, the party committee set up in the headquarters above the division level, political department, and other organs is called the "Committee of Army Organs." These "Army organs party committees" are set up in the General Staff Headquarters, General Political Department, General Logistics Department, Commission for Science, Technology, and Industry for National Defense, all military regions, and arms of services.

This is the general structure practiced over the years. It is quite obvious that the Army organs and units at various levels are all under party control.

While taking charge of Army reform in 1985, Deng Xiaoping streamlined the organs and also attempted to abolish the general party committees (party groups) in the army and division organs to avoid overlapped party organizations within the Army. With the deepening of reform, some young officers of the Army proposed "nationalizing" the Army and abolishing the party committees in the military regions.

The Political Work Conference made an important decision: Under the slogan of strengthening the party organizations at all levels in the Army, we will resume the abolished party organizations. At the conference, Yang Baibing, secretary general of the Central Military Commission and director of the PLA General Political Department, repeatedly emphasized that "the party organizations at all levels in the Army constitute an organizational guarantee to realize the party's absolute leadership over the Army." He continued: "Upholding the party's absolute leadership over the Army means that only the CPC can establish, develop, organize, and carry out work in the Army at all times."

Apart from setting up party committees, the CPC also set up political departments (offices) in the units above the regiment level, responsible for carrying out political work on behalf of party organizations. Those responsible for carrying out political work on behalf of the party organizations are called political members above the regiment level and political instructors below the regiment level. The political commissars at all levels (who belong to the General Political Department) and Army commanders belong to the same level. Both of them are responsible for leading the Army.

The party organizations at all levels in the Army and the political departments in the units and organs constitute a mechanism of the CPC to control the whole Army.

Third, at the All-Army Political Work Conference, the organs under the political department also worked out details for conducting political and ideological work among the rank-and-file soldiers. The conference adopted the following: "Outline for Construction of the Army Basic Levels," "Scheme for Enhancing and Improving Ideological Education Among Rank-and-File Soldiers," and "Suggestions for Army Officers to Study Marxist Theories." The CPC expected to give the rank-and-file soldiers preventive inoculation through the study of these documents so that they can be exempt from corruption of "bourgeois liberal ideas."

After the conclusion of the All-Army Political Work Conference, orders were issued at all levels to implement the spirit of the conference. All Army officers and men should make a clean break with the 4 June incident and all localities should vigorously carry out national defense education.

Through these methods, the CPC attempt to strictly control the Army and the thinking of servicemen to avoid sudden East European style changes from taking place in China.

BOT Table: The Mechanism of the CPC to Control the Army (the

Structure of Party Organizations and Political Work
Within the Army)

CPC Central Committee
Central Military Commission

Gen Logistics Dept Party Committee		Gen Staff Headquarters Party Committee	Gen Political Dept Party Committee	
Ground Force			Party Organizations at all levels	
Military Region			Political Member	Departmental Party Cmte
Headquarters	Political Dept			
Prov Military Dist		Political Member	Dept Party Cmte	
Headquarters	Political Dept			
Army		Political Member	Dept Party Cmte	
Headquarters	Political Dept			
Division		Political Member	Party Cmte	
Headquarters	Political Dept			
Brigade		Political Member	Party Cmte	
Headquarters	Political Dept			
Regiment		Political Member	Party Cmte	
Political Office				
Battalion		Political Instructor	Basic Level Party Cmte	
Company		Political Instructor	Party Branch	
Platoon				

- Notes: 1. This is an example of the ground force which similar for the navy, air force, and second artillery.
2. The Commission of Science, Technology, and Industry for National Defense and military academies are omitted here.

Economic & Agricultural**National Meeting on Economic Restructuring Held****Deepen Reform, Straighten Economy**

OW0801161990 Beijing XINHUA in English
1504 GMT 8 Jan 90

[Text] Beijing, January 8 (XINHUA)—China will continuously deepen the reform while straightening out the economic order so as to realize the second goal of the national economic development strategy, a Chinese official said here today.

Addressing a national meeting held by the State Council, He Guanghui, vice-minister in charge of the State Commission for Restructuring the Economy, urged the commission's departments at all levels to correctly understand and handle the relationship between straightening out the economic order and deepening reform.

He said that the state plans to spend three years or more straightening out the economic order. The content, measures and steps for reform must be in line with the process of straightening out the economic order. This should be taken as the principal guideline for the reform in the coming few years.

He said that during this period reform should not seek novelty and speed. But it must be carried out in a down-to-earth way. Even if the straightening out of the economic order has been completed, the reform and the opening to the outside world should also be implemented in accordance with the real economic situation and serve China's economic development.

He Guanghui pointed out that in the next few years the reform in Chinese enterprises should be deepened and carried out to invigorate enterprises, especially the big and medium-sized state enterprises. He listed four major tasks in this connection as follows:

1. Maintaining and improving the contract operation responsibility system. During the straightening out of the economic order enterprises should sum up experiences, overcome defects and improve the contract system. Enterprises whose contracts will soon expire should undergo an overall audit and be classified into different categories. After adjustment and improvement, the contract system should be implemented in different forms, such as extension of existing contracts or signing new contracts.

2. Maintaining and improving the director-responsibility system. In realistic economic activities, the factory director-responsibility system goes hand in hand with the contract system. In any enterprise the Communist Party organization should strengthen its functions as regards political and ideological work, and play its proper role in guaranteeing the enterprise's smooth operation and supervising the director's work. The director and the party secretary in a factory should co-operate with and support each other.

3. Further strengthening horizontal co-operation, developing conglomerates and promoting adjustment of the industrial structure. China will realize a rational flow and optimize the grouping of productive factors, and improve economic returns through merging and streamlining enterprises and developing conglomerates.

4. Deepening the enterprises' internal reform and improving their management.

Continue 'Reform Experiments'

OW0801162290 Beijing XINHUA in English
1514 GMT 8 Jan 90

[Tex'] Beijing, January 8 (XINHUA)—China will continue to push forward with its reform experiments in a planned way during the ongoing economic rectification drive.

He Guanghui, vice-minister of the State Commission for Restructuring the Economy, announced this here today.

Addressing a national meeting on economic restructuring, which ended today, he said that China will expand the contents and scope of reform experiments

step by step in light of concrete conditions while stabilizing, replenishing, adjusting and improving the existing reform experiments.

He revealed that the commission has decided to push forward with the following reform experiments:

—Further deepening comprehensive reform experiments in 14 cities which enjoy provincial status in the state plans. The comprehensive urban reforms in the next two years will focus on deepening reforms in enterprise management mechanisms, improving systematic market construction, perfecting tax regulations, improving tax collection and management, and enhancing the urban legal system.

—Continuing to carry out experiments in reform and opening to the outside world in Guangdong, Fujian and Hainan Provinces. All the policies designated by the central authorities for the three pilot areas should be carried out to the letter. The relationship between the central authorities' macro-economic regulations and control policies and the special policies toward the experimental areas, and the relationship between the experimental areas and other areas should be coordinated. At the same time, changes in economic mechanisms should be accelerated.

Through experiments, these areas should reveal lessons in running state-regulated monetary markets, real estate markets, labor markets and commodity markets.

He also stressed that these areas should also speed up reforms in governmental economic administrative institutions and improve the legal system to create a good investment climate for domestic and foreign investors.

—Comprehensive reforms at county level will be continued. All localities are to deepen comprehensive reforms of economic administrative systems at county level and establish a good township commodity-oriented economic order while assisting the Ministries of Civil Affairs and Personnel in improving the building of power organs at rural grass-roots units and institutional reform experiments at county level.

—The state will actively and steadily carry out experiments on "separation of taxes and profits, loan repayment after tax payment and contracting after tax payment" in enterprises and on the share-holding system in a small number of enterprises.

Any provinces in which the conditions are ripe can select one or two cities to carry out experiments on the separation of taxes and profits, and contracting after tax payment while continuing to stabilize and improve the contracted managerial responsibility system in enterprises.

The small number of enterprises in which the share-holding system has been introduced should at present give priority to consolidating and improving the system and solving various problems to gradually standardize the system.

- Housing system reform will be continued. Various ways should be adopted, such as raising rents and issuing housing coupons, and sale of dwellings.
- Reform experiments on the social security system will be speeded up. Reforms covering assistance to those who are waiting for jobs, pensions and medical care should be accelerated.

He Guanghui continued that comprehensive research should be conducted, in light of China's conditions, into social security fund raising and management. Experiences in pilot projects should be summed up to speed up reforms in the social security system.

The national meeting on economic restructuring began January 4. Leading officials from the State Council's relevant ministries and commissions and from the committees for restructuring the economy at the provincial, municipal and autonomous regional levels and in cities which enjoy provincial status in the state plans attended the five-day meeting.

Tian Jiyun Reviews Foreign Trade, Investment

OW0201110490 Beijing XINHUA Domestic Service in Chinese 1132 GMT 27 Dec 89

[By RENMIN RIBAO reporter Lu Zhenhua (7120 2182 5478), and XINHUA reporters Fu Gang (0265 0474) and Zhang Yi (1728 3015)]

[Text] Beijing, 27 Dec (XINHUA)—After hearing a report on foreign trade given by a responsible person of the Ministry of Foreign Economic Relations and Trade [MFERT] yesterday, Vice Premier Tian Jiyun pointed out that the MFERT should take positive, daring, and reliable measures in 1990 to promote foreign economic relations and trade, to maintain steady export growth, and to encourage investment by foreign businessmen.

Tian Jiyun fully endorsed the success the MFERT has achieved in promoting foreign trade in 1989. He said: According to the custom house, the nation exported \$98 billion worth of goods during the January-November period, the total volume of exports will reach \$110 billion in 1989, and both imports and exports will increase by more than 10 percent over 1988. The MFERT's statistics also show that, by 20 December, the nation's total exports already had exceeded the 1988 figure. Moreover, the MFERT also has achieved great successes in restructuring the foreign trade system and in streamlining the foreign trade order.

Tian Jiyun pointed out, however, that the MFERT must earnestly study the new problems cropping up in the economic area and implement the correct measures to deal with them. He said: The MFERT should earnestly study rational and proper measures for dealing with temporary problems such as sharp decreases in production, a weak market, sluggish sales, and capital shortages caused by economic retrenchment.

He added: The MFERT should earnestly study the issues which have appeared following the restructuring of the foreign trade system and the introduction of the contract system into the sphere of foreign trade. We should approach the restructuring measures and the contract system differentiating between the major and minor aspects with the viewpoint of "one divides into two." The major aspects are good, on the whole, as indicated by the following: both local authorities and enterprises have greater incentives; the central government's financial problems have been resolved partially; the shortage of foreign exchange has been alleviated; and exports have expanded. Of course, some of these problems existed prior to the reform, but have been sharpened because of the reform. Thus, we should analyze and approach factually the restructuring of the foreign trade system with the viewpoint of "one divides into two."

Tian Jiyun said: The MFERT should take positive, daring, and reliable measures in 1990 to promote foreign economic relations and trade. The fundamental policies governing foreign economic relations and trade formulated during the decade-long reform should be improved and developed, not changed. The contract system governing foreign trade and the measures aimed at encouraging exports also will not change in 1990. The MFERT should intensify its control over the purchase prices for export goods so that manufacturers and suppliers cannot increase their prices recklessly by taking advantage of the readjustment of exchange rates. We should continue to arouse the incentives of the central and local authorities. Instead of cutting back on exports next year, efforts should be made to increase exports and to maintain steady growth. A fair size of imports also must be maintained. Priority must be given to importing that which is essential for production, construction, and the people's livelihood. We should actively encourage foreign businessmen to invest in China and make efforts to accomplish some investment projects. We should continue to improve the investment climate in the country, especially in the special economic zones, economic and technical development zones, and open cities along the coastal areas. We should pay special attention to improving the soft environment [ruan huan jing 6516 3883 1064] so that our investment environment will be really appealing to foreign investors.

Tian Jiyun urged the MFERT to make greater efforts to improve the foreign trade environment and order. He said: The MFERT must take resolute administrative, legal, and economic measures to wipe out the disorders in foreign trade, especially those characterized by total disregard for reputation and contractual obligations, the mentality of "making a big killing," and even by total disregard for personal and national dignity.

Trade Minister Article Views Trade Prospects

HK0301061490 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 30 Dec 89 p 3

[Article by Zheng Tuobin, minister of the Ministry of Foreign Economic Relations and Trade: "Restrospects and Prospects of Foreign Economic Relations and Trade"]

[Text] In the 1980's, China's foreign economic relations and trade have entered a new period of all-round opening. So far, China has established economic and trade relations with over 180 countries and regions. Domestically, our country has initially formed an open, multi-tier structure covering special economic zones, open coastal cities, open coastal economic regions, and the hinterland.

The 1980's has been a decade in which China's foreign trade has rapidly developed and its international competitiveness has constantly improved. In 1988, China's imports and exports totaled \$80.49 billion, an increase of 174 percent over 1979. Its exports amounted to \$40.64 billion, an increase of 189 percent over 1979. The proportion of its exports to the world's total increased from 0.83 percent in 1979 to 1.41 percent in 1988. Its export volume ranked 32d in the world in 1979 and 16th in 1988. China has initially blazed a trail in utilizing foreign capital for the last 10 years. From 1979 to 1988 foreign loans actually utilized by the country totaled \$33 billion, and a number of key projects were built. During this period approval was given to the building of 20,000 foreign-invested enterprises. Of these enterprises, 8,000 have gone into operation, with actual foreign investments totaling \$14.7 billion, and good economic results have been achieved. Our country has made marked achievements in introducing foreign technology, and the exports of its technology are starting. There have been developments in contracting for projects abroad and in carrying out labor cooperation with foreign countries. It has also made initial achievements in making investments overseas. China's aid for foreign countries is developing along a healthy road after an adjustment.

The 1990's will be a very important decade for China's socialist modernization. During this decade China will greatly improve its comprehensive national strength, which will provide a firm material basis for opening up.

However we should be aware that we are facing a grim situation and challenge upon our entry into the doorway of the 1990's. Although the international situation is tending toward relaxation, international reactionary forces are taking advantage of reforms in socialist countries to practice their "peaceful evolution" strategy and to change the orientation and process of reforms in socialist countries. World economic regional grouping is becoming increasingly prominent, international economic competition is becoming intense, trade protectionism is prevailing, and some Western countries are imposing "economic sanctions" on us, thus affecting the development of our foreign economic relations and trade. There are problems in China's macroeconomic environment, and these problems have added to the difficulties China is facing in its foreign economic relations and trade. It remains arduous to maintain the sustained and stable growth of exports and to carry out foreign economic cooperation. We must adhere to the four cardinal principles, persist in reform and opening up, continue to deepen reform in the course of improving and rectifying the economy, and take resolute

and effective measures to develop China's foreign economic relations and trade in a steady and coordinated manner.

First, it is necessary to maintain the steady growth of exports according to national economic development. In light of the international market and China's strong points, there is a need to optimize the mix of export commodities, to develop competitive export commodities, to improve their quality, to make rational arrangements for domestic and overseas sales, and to explore the international market through various channels. It is necessary to take effective measures to improve the foreign trade environment, to rectify the foreign trade order, to screen foreign trade companies, to improve the foreign trade operational system, to bring into full play the role of both central and local foreign trade companies, to form an efficient foreign trade macrocontrol mechanism as soon as possible, and to bring into full play the initiative of foreign trade enterprises in export. We should conscientiously "respect contracts and remain trustworthy" and preserve our country's prestige in foreign trade. We should make rational import arrangements in the course of expanding exports. Efforts should be made to maintain a basic balance between imports and exports, to adjust the mix of import commodities according to national economic development, and to attain better results in foreign exchange.

Second, it is necessary to persist in the principle of relying on our own efforts while making foreign aid subsidiary. We should continue to utilize foreign capital effectively. This is an important component of China's opening up policy. We should strive to get loans from foreign governments and monetary organizations as long as they provide these loans without strings and are willing to carry out mutually beneficial cooperation. Our work focus in utilizing foreign capital is to absorb direct foreign investments. It is necessary to improve the investment environment, to guide foreign investments according to the state's industrial policy, and to run more joint ventures and cooperative enterprises by transforming some existing enterprises. We should strive to improve our work efficiency and service, help foreign businessmen solve problems in production and operation, and encourage them to make more investments in China.

Third, efforts should be made to develop various types of foreign trade cooperation, to explore the market, to undertake more contracts for projects abroad, to expand labor service, and to develop overseas investments. We should continue to provide overseas economic and technological aid and to improve the comprehensive results of this aid. We should continue to join multilateral cooperations in international economic and trade circles, to seek international aid, and to share our efforts with developing countries in expanding south-south cooperation and establishing a new international economic order.

In face of regional economic grouping and an intensifying international competition, we must adhere to an omnidirectional, diversified, and realistic open policy, and take an active part in all kinds of bilateral, multilateral, or regional economic cooperation.

Adjustments To Meet Enterprise Demand for Loans

*HK0801135190 Beijing CEI Database in English
8 Jan 90*

[Text] Beijing (CEI)—China will make adjustments to fill the large gap between the demand of its enterprises and loans to be granted next year which is expected to remain the same as in 1989.

According to sources from departments concerned, the adjustments will be made in line with the principle of production and simple reproduction first, and capital construction and expanded reproduction second.

Banks will give priority to meeting the demand for circulating funds and properly add the input to agriculture and large and medium-sized key enterprises, the sources said.

The Agricultural Bank will grant loans mainly to support the purchase of farm produce and side-line products, and the supply of major means of agricultural production;

The Industrial and Commercial Bank will support large and medium-sized state-owned enterprises and the production and supply of daily necessities;

The Bank of China, the country's official bank dealing with foreign currencies, will give priority to extending loans for the planned import and export, and the People's Construction Bank, for the capital construction projects approved by the state while the Communications Bank will play an auxiliary role.

In principle, no new loans will be granted to collectively-owned, rural and individual enterprises, the sources added.

Efforts Made Against Rapid Rise in Deposits

*HK0801141190 Beijing CEI Database in English
8 Jan 90*

[Text] Beijing (CEI)—China's bank deposit registered an increase of 122 billion yuan by the end of last November, and the figure is expected to reach 130 billion yuan by the end of 1990, sources from the People's Bank of China disclosed recently.

It is learnt that China made great efforts to increase the bank deposits last year as a measure to ease the huge pressure on the market that resulted from the greater social demand over supply. It is meant to postpone the purchase power while at the same time increase the sources of bank loans. About half of bank loans at present are from deposits.

Huge bank deposits, however, have also brought serious side-effects. It has resulted in a slack market and widespread overstocking of commodities, and built up a growing pressure over the market in future.

Meanwhile, most of the 500 billion yuan of the outstanding bank deposits are over-three-year-term time deposits which are value-ensured by the government. As the bank loan interest, 11.34 percent at present, is also lower than the deposit interest which is averaged 15 percent, banks will find it hard to carry the burden if the situation continues indefinitely.

To solve these problems, the Chinese Government is working on increasing choices for residents' capital, such as expanding bond issuing and stock markets.

Official Says RMB Devaluation Not Inflationary

*OW0901081990 Beijing XINHUA in English
1304 GMT 8 Jan 90*

[Text] Beijing, January 8 (XINHUA)—A Chinese banking official said today that the adjustment of the exchange rate made last month has not given rise to inflation.

Hong Yuncheng, spokesman of the People's Bank of China—the states central bank—told a press conference here that the range of renminbi [RMB] devaluation has proved appropriate in practice so far.

China announced a 21.2 percent devaluation in the RMB last December 16. The official buying price of one U.S. dollar is now 4.71 RMB yuan, against 3.71 yuan before.

The RMB yuan had been overvalued for a long time, Hong said, so a proper adjustment has not added any inflationary pressure.

Foreigners Issued Purchasing Certificates

*OW0601152190 Beijing XINHUA in English
1434 GMT 6 Jan 90*

[Text] Beijing, January 6 (XINHUA)—China has issued purchasing certificates to 15,000 foreign experts, employees and students working in China since the first day of the year, a Chinese government official said here today.

Ling Zeti, deputy director of the State Administration of Exchange Control, said the certificate holders may pay charges in Chinese currency (renminbi) at state-run and collectively-run hotels, shops and hospitals.

They may also use renminbi to pay for domestic rail, ship and air transport as well as for the shipment of luggage, taxi and domestic and international telecommunications and mails, Ling said.

However, he explained, the certificate is invalid at foreign-funded facilities such as hotels, shops, entertainment centers, and international communications lines that require payment in foreign exchange certificates (FEC).

The purchasing certificate is not valid for payment of fares on trains, ships and planes operating between Guangzhou and Kowloon, nor is it valid in payment for international luggage transport, parcels posted from overseas, special FEC counters and duty-free shops under the supervision of the customs administration.

"The purpose of the certificate is to ensure convenience for foreign experts, employees and students in payment for daily necessities and for board and lodging," he said.

He said the certificates will be issued to foreign government officials from the countries that have signed relevant agreements with China.

The certificates will also go to the personnel of the Beijing offices of international organizations such as the United Nations and the Asian Development Bank providing technical services to China and receiving salaries in renminbi, according to relevant regulations.

Foreigners, foreigners of Chinese origin, Overseas Chinese, and compatriots from Hong Kong, Macao and Taiwan who have opened overseas renminbi accounts with the Bank of China, the Industrial and Commercial Bank of China, the Agricultural Bank of China and other financial institutions may have the "overseas purchasing certificate" with the certification of the banks holding their deposits, Ling said.

Minister Discusses Material Supply for 1990

HK0501063190 Beijing RENMIN RIBAO in Chinese
27 Dec 89 p 3

[Report by staff correspondent Wang Jingu (3769 6930 7698): "Ensure Supply, Promote Sales—Liu Suinian, Minister of Materials, on Work of Material Supply in 1990"]

[Text] In 1989 there were changes rarely seen in many years in the country's situation of supply and demand of materials. At the beginning of last year, material supply was strained and prices stayed high while reserve of materials dropped. In the 3d and 4th quarters of the year when sales reached their peak period, departing from their normal behavior, some goods sold sluggishly and their prices fell. In terms of the current situation, on the one hand, the contradiction in the supply and demand of some important materials has been alleviated and on the other, some materials are unsalable and have to be kept in stock. Hence, there are both successes and worries in our work of material supply.

How long will this situation last? How will the situation in the supply and demand of materials be next year?

With these questions in mind, this reporter interviewed Materials Minister Liu Suinian a few days ago.

"Next year goods will be in both full and short supply and sluggish sales will go side by side with shortages." Liu Suinian made this generalization of the situation of supply and demand of materials in 1990. In his opinion, with the implementation of the guidelines of the 5th Plenary Session of the 13th CPC Central Committee and the continued efforts to improve the economic environment and rectify the economic order, in 1990, the scope of capital construction will be further curtailed; the amount of credits and the growth of consumption funds will continue to be put under control; a rough balance in society's general supply and demand of most materials will be achieved; sluggish sales will continue to exist; and some goods will remain in short supply.

Liu Suinian just finished attending a national planning meeting. According to the minister's calculation, in the coming year, in regard to the major means of production, the contradiction between the supply and demand of coal will ease up but there will continue to be strains on the supply of top-quality coal, in particular, coking coal among other concentrated coals. A rough balance will be achieved in the total output of steel but the supply of some sorts of steels is expected to be strained as they failed to satisfy needs. As far as nonferrous metals are concerned, some industrial chemicals will be in short supply. The supply of such construction materials as steel wire rod, cement, and plate glass may exceed demand and small cars and light trucks will continue to sell sluggishly. Judging from the transactions done at the year-end order-for-goods fair, the demand for machinery and electronics products in 1990 will drop by a wide margin.

Making an analysis from the macroeconomic point of view, Liu Suinian, who had been engaged in economic planning work for a long time, said: "That the supply of production means has continuously fallen short of demand for a long time and cannot be considered normal. The current overstocking of some goods due to sluggish sales is a relative and transient phenomenon. However, in terms of total quantity, supplies are still short. Since the start of the economic improvement and rectification program, there has been a relative easing-up in the markets for production means. This is precisely something for which we have been hoping for many years. It serves as a favorable condition for us to curb an overheated economy and overexpanded inflation, harmonize economic relations, and achieve a benign cycle in our national economy and also as a rare opportunity for us to implement the state's industrial policy, properly allocate resources, and readjust the industrial structure. We should make use of this opportunity and readjust the industrial structure, product mix, and the mix of imports and exports."

In dealing with the completion of the tasks for 1990, Liu Suinian said: "On the one hand, leaders at all levels and the mass media are encouraged to support the work of

circulation departments and on the other, the latter should heighten their spirit, work hard, make greater efforts to promote sales while ensuring supply, and take on the two tasks simultaneously."

Liu Suinin pointed out: To ensure supply, we should enhance our sense of keeping the overall situation in mind and seriously implement mandatory planning. Efforts should be made to ensure needs for key materials. We should ensure: first, the supply of materials necessary for agricultural production and the "three materials" necessary for farmland capital construction, and then, the supply of materials set by state plans for energy and raw and semifinished materials production, transport and communications, and key construction projects. Priority should be given to the supply of materials necessary for military industries and the production of light industrial goods in short supply, export products able to earn foreign exchange, top-quality brand-name goods, and products using advanced technology. The allocation of materials for other fields of endeavor will be slashed.

To ensure the implementation of the planned distribution of state-allocated materials, production enterprises should ensure deliveries according to contracts and can market their products through their own channels only after they have finished the quotas set by state mandatory planning. Meanwhile, they should also make greater efforts to link up production with marketing, strengthen planned guidance, earmark a certain amount of products for their own sales, and provide large and medium-sized enterprises and key construction projects with materials in accordance with the principle of selected points, fixed amounts but unfixed prices.

According to Liu Suinian, materials departments have inadequate experience in promoting sales and lack the ability to cope with the new situation in which some goods are unsalable and have to be kept in stock. At present, earnest efforts should be made to study the new situation, explore new ways, and try every possible means to help enterprises promote the sale of their products and open up new production avenues. He maintained: First, we should correct our ideas about business operation, improve ways of doing things, better link production with marketing, and adopt flexible and diverse ways to expand sales. The effective operational ways, such as the cross exchange of goods, should be protected and continuously improved in the course of its implementation rather than discarded. Second, we should provide production enterprises with better service and information, help them reduce costs, improve quality, readjust the prices of their products, and expand sales. Particularly when it comes to machinery and electronics products, we should support old enterprises in carrying out technological transformation and change to the production of goods which use advanced technology, consume less energy as well as raw and semifinished materials but promise high efficiency. As far as the products whose supply is superfluous right now but will be short in the days ahead are concerned, they should be

regulated by means of imports or exports. At the same time, while restricting the import of some equipment from abroad, we should actively organize forces to export more goods. In addition, efforts should be made to open up new consumption avenues for some products, such as launching construction of some water conservancy works and building more cement roads. This will help to not only expand the sale of cement but also improve agricultural production conditions and find a way out for the superfluous workforce in the countryside.

Machine, Electronics Industry Look for Buyers

HK0701043690 Beijing CHINA DAILY in English
6 Jan 90 p 2

[By our staff reporter Ren Kan]

[Text] A sluggish domestic market is forcing a big strategic turn in China's machinery and electronics industry to begin the last decade of the century—looking for foreign buyers.

The industry, which accounts for about 5 percent of China's gross industrial output with a labour force of 20.65 million, built up a 28.4-billion-yuan (\$6.04 billion) stockpile last year. This represented a big jump of 67 percent over that of 1988.

The industry's output value in 1989 only managed a 2.4 percent increase over that of 1988 to reach 184.3 billion yuan (\$39.21 billion).

It was a dramatic drop compared with 1988's 25.2 percent increase over that of 1987.

Sales dropped 2.9 percent from that of the previous year to be only 172.7 billion yuan (\$36.74 billion).

At a national meeting opened in Beijing yesterday to draw out the development plans of the industry in the next two years, Minister He Guangyuan of Machinery and Electronics Industry, called for export expansion to bring his industry out of the present slump.

He, who replaced Zou Jiahua as the minister last month, presented at the meeting an ambitious plan to increase the export value of machinery and electronics by \$1.5 to \$2 billion each year during the next two years.

Last year, the country exported an estimated \$8 billion worth of machinery and electronics products, 30 percent more than in 1988.

He said China would readjust the industry's export structure, trying to increase the export of 13 products including automobiles, communication equipment, agricultural machinery and machine tools.

The minister also vowed to expand overseas sales of high-tech products, including optical instruments, computers and software.

The ministry is planning to set up export production bases with the large and medium-sized enterprises as backbones.

He said his ministry was planning to adopt export licences for export producers and their products to raise product quality and avoid dumping abroad.

The minister also urged producers to manufacture what the country now has to import.

The minister said the central government would list the production of some important import substitutes in the State's plan. The government would ensure the funds and material for the production.

About 500 products would be on the list and Chinese buyers will have to pay foreign exchange.

The list has already covered 1,500 products since it was adopted in 1987. The practice saves at least \$1 billion a year for China.

The listed items include engineering machinery, machine tools, instruments, automobiles, locomotives and ships.

Although import substitution can save only one-tenth of the foreign exchange spent every year on machinery and electronics imports, ministry officials are optimistic that they can cut such imports by half if the country is determined to carry out the substitution job.

During the coming three years, the ministry is planning to replace 10 percent of 10,000 items of products in use with energy saving and efficient ones.

They include automobiles, tractors, diesel engines and compressors.

State Property Valued at 1.615 Billion Yuan

OW0601200490 Beijing XINHUA in English
0854 GMT 6 Jan 90

[Text] Beijing, January 6 (XINHUA)—China had 1.615 billion yuan of state property by the end of 1988, according to the State Administration of State Property here today.

This includes the total value of property in state-owned enterprises and administrative institutions. Property owned by enterprises and institutions outside of the state plan and property realised through using commercial loans are excluded, said Tang Bingwu, director of the administration.

This huge amount of state property constitutes the fundamental material basis for China's socialist system. It is the main source of state revenue and an important guarantee for improving the material and cultural life of people of all nationalities in China, he said.

State property in China consists mainly of fixed assets, floating assets, specialized assets and assets in terms of resources.

After the founding of New China in 1949, the government issued a set of administrative regulations on state property that have played a positive role in safeguarding and promoting the development of China's state-owned socialist economy, Tang noted.

However, these regulations cannot keep pace with the rapid economic growth which has taken place since China's economic reform started 10 years ago, and many loopholes have appeared in the system.

To solve this problem, the government decided to establish the State Administration of State Property. The aim is to raise the efficiency of such property, to ensure the preservation and increment of the value of state property and to promote the development of a planned commodity economy.

Since its establishment early last year, the administration has sent agents to more than 40 government departments, over 20 cities and more than 120 enterprises and institutions to investigate problems concerning the contracting and leasing of state property, Sino-foreign joint ventures, share-holding systems, and group management and annexing of enterprises. The administration has put forward many suggestions to the government already.

Tang disclosed that China will gradually enhance its legislation concerning state property. A number of regulations are expected to be adopted. These include a set of provisional regulations on the administration of state property, and provisional regulations on the appraisal of state property. Studies will also be made on the demarcation, registration, transfer, trusteeship and ownership of state property with the aim of promulgating a law on state property in the near future.

Corporations To Increase Key Project Construction

OW0801121890 Beijing XINHUA in English
0916 GMT 8 Jan 90

[Text] Beijing, January 8 (XINHUA)—This year, China's six specialized state investment corporations will invest 35 billion yuan in over 30 major projects, in a bid to sustain the steady and co-ordinated development of the country's national economy, a spokesman for the corporations disclosed at a press conference here this morning.

The projects are mainly in energy, transport, electronics, machinery, light industry, textiles, raw materials, agriculture and forestry.

Among them are two coal mines, four hydropower stations, one electrical plant, three ports, two airports, two iron and steel corporations, one fertilizer plant, one phosphorus mine, a truck manufacturing project, one cement factory, one kinescope plant and two ethylene projects.

The projects will be completed and put into operation in the next few years, the spokesman said.

The six state investment corporations were set up in 1988 to be responsible for financing the construction of major state projects.

Capital Construction Projects Being Examined

HK0801134990 Beijing CEI Database in English
8 Jan 90

[Text] Beijing (CEI)—Examinations and verifications will be required for the launching of new capital construction projects and restoration of projects that have been stopped or postponed by the state.

According to a circular jointly issued recently by the Auditing Administration and the State Planning Commission, the examinations and verifications that aim to continue the retrenchment policies include the availability and rightfulness of fund sources, pre-projects expenditures being included in the state capital construction plans or not, legitimacy of the projects' approvals and conformability to the state industrial policies.

Circular Promotes Spring Festival Sales

OW0701201190 Beijing XINHUA Domestic Service
in Chinese 0555 GMT 6 Jan 89

[By reporter Yang Like (2799 3810 4430)]

[Text] Beijing, 6 Jan (XINHUA)—The Ministry of Light Industry issued its No 1 Circular of the 1990's, asking subordinate enterprises to work hard to increase the production of readily salable goods to meet the market needs during the Spring Festival.

With the passing of New Year's Day, the Spring Festival will soon arrive. Based on past market experience, this time of year is the golden season for the sale of light industrial products. However, there has been no big rise in holiday sales. Using the words of industrial and commercial circles, "the peak sales season has failed to materialize." A stable holiday market is good news for consumers. However, it undoubtedly poses difficulties for manufacturing enterprises because consumers become more picky in their selections. Their criteria is higher, and they demand brand-name and fine quality goods at lower prices. In light of these new changes and new demands in the marketplace, the Ministry of Light Industry in its circular asks enterprises to do a good job in market research and survey and to arrange to produce more daily necessities, readily salable products, and holiday-oriented goods based on market demand. It calls on them to produce particularly new, brand-name, fine quality, and readily salable goods to meet the needs of different types of consumers and to make goods abundant in the holiday market.

"The daughters of the emperor do not have to worry about getting married." This old saying is no longer valid. The Ministry of Light Industry asks enterprises to

cooperate actively with commercial departments and to use a variety of means to promote sales. It asks them to organize sales particularly in the countryside and to explore the vast rural market. It asks them to ship the goods to the doorsteps of the peasant households to ensure that the peasants have a colorful, happy Spring Festival. Stabilizing commodity prices is an important link in stabilizing the market and in safeguarding social stability and unity. The ministry specifically instructs light industrial enterprises in all localities to abide strictly by the state price policy during the holiday season. It asks them not to raise prices without authorization and warns that stern measures will be taken against those who violate the price policy.

The ministry also asks enterprises to pay close attention to safety in holiday production, avoid incidents, and ensure the normal conduct of productive activities.

Song Jian Praises Agricultural Training Classes

OW0601195790 Beijing XINHUA Domestic Service
in Chinese 0033 GMT 6 Jan 89

[By RENMIN RIBAO reporter Huang Caizhong (7806 1752 1813) and XINHUA reporter Huang Zhenggen (7806 2973 2704)]

[Excerpts] Shijiazhuang, 6 Jan (XINHUA)—The Wangdu County Supply and Marketing Cooperative in Hebei Province did something extraordinary at the beginning of the 1990's. It opened training classes for the county people to learn the skills needed to grow summer cotton and to cultivate edible fungus, vegetable, hot peppers, and fruit trees. Hebei Agriculture University professors and local technical personnel were hired to give lectures at the training classes. These classes are part of the concrete efforts being made by the supply and marketing cooperative to promote agricultural development through the spread of science and technology. [passage omitted]

Song Jian, state councillor and minister in charge of the State Science and Technology Commission, spoke highly of this practice. He said: "I feel that China's supply and marketing cooperatives should be committed to transforming themselves. First, they must truly become democratically run cooperatives and get rid of bureaucratic airs. Second, they must change their course and rely on science and technology as the support. They must rely on the strength of science and technology, organize and serve the peasants, develop a comprehensive service system, and build themselves into a backbone force to promote future structural reform in the rural areas." He added: "The prospects are very bright if the comrades engaged in supply and marketing all realize this point." [passage omitted]

State Councillor Urges Energy Industry Support

OW0801131790 Beijing XINHUA in English
0906 GMT 8 Jan 90

[Text] Beijing, January 8 (XINHUA)—State Councillor Zou Jiahua stressed here today that the government will try its best to support the development of the energy industry and that energy enterprises should try to increase their efficiency by tapping potential.

In an address at a current national meeting on energy production, Zou Jiahua, who is also minister of the State Planning Commission, said that China's output of energy totalled a billion tons of standard coal last year, a 4.8 percent increase over the previous year. But that was still not enough to meet the needs of industrial and agricultural production in the country.

Zou promised that the government will try its best to support the energy industry though it is facing a financial problem. He also urged energy enterprises to make efforts in tapping potential.

Huang Yicheng, minister of energy resources, said there is serious waste in planning, design, construction, management, and the usage of funds.

The minister also admitted that compared with their counterparts in advanced countries, many Chinese energy enterprises still lag far behind in efficiency, material consumption and the time used for construction projects.

"All of these are practical potentials for us to tap," the minister added.

Zou Jiahua Inaugurates Qinhuangdao Port Pier

OW0601065890 Beijing XINHUA Domestic Service
in Chinese 1305 GMT 29 Dec 89

[By reporter Liao Yi (1675 5669)] txt

[Text] Qinghuangdao, 29 Dec (XINHUA)—The third-stage construction of the coal pier at Qinhuangdao Port, the world's largest energy export port, passed state inspection and began experimental operation today. Zou Jiahua, state councillor and minister in charge of the State Planning Commission, cut the ribbon to inaugurate the pier at a ceremony to mark its completion.

One of the major construction projects of the state's Seventh 5-Year Plan, the modern pier is especially designed for handling coal export. Its construction was synchronized with that of its supporting project; namely, the electrified Datong-Qinhuangdao railway. The construction project, which began in April 1984 with a total budget of 650 million yuan, consists of three berths: two for 35,000 metric ton-class ships and one for 50,000 metric ton-class vessels. With a designed capacity for handling 30 million metric tons of coal annually, the pier will primarily undertake the task of delivering the coal produced in Shanxi and Inner Mongolia to southern China and foreign countries. The extent of the pier's

automation and mechanization is comparable to the piers completed by industrially developed countries during the 1980's.

The completion of the pier will play a significant role in expediting the export of coal produced in Shanxi, in alleviating southern China's coal shortage, and in increasing coal export and the opening of Qinhuangdao City to the outside world. According to the State Inspection Commission, operation of the pier will officially begin on 1 May 1990.

Farmland Water Conservation Projects Viewed

HK0901022390 Beijing RENMIN RIBAO in Chinese
30 Dec 89 p 2

[Article by staff reporter He Jiazheng (0149 1367 2973): "Maintain the Good Momentum in Construction of Farmland Water Conservation Projects—An Interview With Minister of Water Resources Yang Zhenhuai"]

[Text] Water Resources Minister Yang Zhenhuai frequently pointed to a big map of the People's Republic of China and a big topographic map of the People's Republic of China which were hanging on the right and left walls of his office when he gave this reporter an account of the construction of water conservancy works in recent years and the plan for 1990.

By 15 December 1989, China had invested 2.4 billion working days of accumulated labor in water conservancy projects; excavated 3.2 billion cubic meters of earth and stone; expanded, restored, and improved irrigated areas by 30 million mu; increased fields free from drought by 9 million mu; transformed 15 million mu water-logged, low-yield, and saline-alkali land; and tackled 80 million square km of land which had suffered soil erosion. The above figures show a picture of the massive campaign to build water conservancy projects and its wonderful momentum.

But the northern part of the country has now entered the winter season. Minister Yang said that efficiency is low there on account of cold weather. The peasants need rest, and should reorganize labor, and do a good job in storing water and in irrigation so that they can improve the supportive measures for projects for field management. They should also prevent, control, or combat a drought, making contributions to spring ploughing and bumper harvest next year. Minister Yang said that in south China, however, a mass campaign for farmland capital construction is under way. In Guangdong, Guangxi, Yunnan, Hainan, and other provinces, the peasants will go about the job as soon as they finish with the late rice. While giving this reporter an account of the situation, Minister Yang emphasized: We paid great attention to efficiency and quality when engaging in capital construction on farmland in 1989. It is necessary to concentrate our efforts on small projects, attach great importance to practical results, value human resources, and act according to our capability.

Minister Yang said the current situation relating to water resources remains grim. He made the following points: First, water conservancy facilities have long been out of repair; the whole trade sustained losses, "lived off its own past gains" for 10 years on end, and was unable to maintain simple reproduction. Second, major cities like Beijing and Tianjin are running short of water, and Dalian, Qinhuangdao, Yantai, and other cities are no exception. Third, the effort to control soil erosion and water pollution failed to outweigh artificially imposed destruction, which is to endanger the environment, ecological balance, and coming generations. He said that the Ministry of Water Resources hopes that in 1990 the 1.2 million workers and staff members working for water conservancy projects across the country will, under the leadership of the party Central Committee and the State Council, make concerted efforts to overcome difficulties and to tackle problems concerning water according to the state water law, doing more constructive things for the people.

The Ministry of Water Resources will see to it that the following jobs are properly done.

1. Preventing disasters caused by windstorms, combating floods, preserving and improving the capacity of the rivers to combat floods, and ensuring the safety of the reservoirs so that the industrial and agricultural production will go on smoothly and the society will remain stable.

Minister Yang said that it is necessary to pay special attention to the safety of seven major rivers including Changjiang and Huanghe and major reservoirs on them so that the "four modernizations" will not be disrupted by sudden natural disasters.

Minister Yang then pointed to the map and explained to this reporter in detail: China has 200,000 km of river dikes. These river dikes protect 1 million square km of flatlands, where 500 million people reside and there are 500 million mu of farmland and many big and medium-sized cities with the total industrial and agricultural output value accounting for 70 percent of the same nationwide. All this comes under threat when the flood season comes. Anything wrong with the major rivers or key reservoirs will lead to endless disasters. Therefore it is necessary to concentrate our efforts on this job.

2. Carrying out the state water law and addressing problems concerning water according to the law. He believed that the enacting and enforcement of the law on water is of historical importance to China. In 1990, departments (bureaus) in charge of water resources at all levels should change their functions and powers by acting as organs responsible for administration and control of water. To put it specifically, it is necessary to make a great effort to enforce the state water law and strengthen unified administration and protection of water resources in the country according to the law. Minister Yang believed that it does not matter much whether we have a little more or a little less water conservancy projects if we make a practice of enforcing

the state water law, which is of long-term significance. But its importance has not been recognized by the whole society. He hoped that the press will help a lot in this respect.

3. Improving the management of existing water facilities and raising their efficiency. He said: After 40 years of hard work, the gross value of fixed assets with respect to water conservancy has reached 110 billion yuan. This is a great fortune gained through arduous labor by several generations of Chinese people, so we must do a good job in administering it. At the same time we must make adequate and comprehensive use of water surface and land around the reservoirs and dikes to develop aquatic products industry, agriculture, industry, commerce, tourism, and various other undertakings.

Minister Yang remembers having done accounts together with He Kang, the minister of agriculture as follows: China currently has an irrigated area totaling 700 million mu. If another 80 million mu are added to it and the average yield of each mu is 500 kg of grain, we will have 400 billion kg of grain a year. Again, if the yield on the other land which is about 50 percent the size of the area under cultivation is included, we shall have a total of 500 billion kg of grain, hitting the target set for 2000. Therefore, it is necessary to improve irrigation facilities, and expand the area of irrigated fields in a planned way to help boost grain production. He said: Comrade He Kang has agreed with the argument that "we cannot develop agriculture until we can control water." If we invest more material resources in places which are rich in water resources, we will certainly boost grain production.

4. Harnessing rivers and making a comprehensive use of them. First of all, we must do a good job in mapping out a plan, strengthening the management of rivers, especially the management of the hydro-power stations, which are mainly aimed at preventing floods, improving irrigation, and supplying water, and of hydro-power grids in rural areas. It is also necessary to improve administration of urban and rural water resources. Minister Yang emphasized that we must devote more efforts to improving irrigation in agricultural development areas, and water conservancy facilities in Hanghe and Huaihe development areas, earnestly drawing on "science and technology" in order to do jobs well.

5. Making a success of the reform and opening. The most important thing to do is to remold man's thinking. It is necessary to improve the study of theories and policies, to strengthen ideological and political work, to maintain high standards of ethical and professional behavior on the party and the government, and to improve supervision work before we can coordinate relations between various departments, between various localities, and between various fields. Minister Yang said that to carry out irrigation work properly, we must carry out correct policies, adopt a scientific approach to the matter, draw on support from the masses, and take overall social interests into account. His line is civil engineering. He believed that water conservancy work is more difficult and more complicated than laying railways and building houses.

East Region

Jiangxi Holds CPC Plenary Session

OW0501132090 Nanchang JIANGXI RIBAO
in Chinese 25 Nov 89, p 1

[Text] The Ninth Plenary Session of the Eighth Jiangxi Provincial CPC Committee was held in Nanchang from 21 through 24 November. The session relayed and studied the guidelines of the 5th Plenary Session of the 13th CPC Central Committee and reviewed and adopted the "Resolution of the Jiangxi Provincial Party Committee on Implementation of the 'Decision of the CPC Central Committee Regarding Further Economic Rectification, Improvement, and Intensification of Reform.'" The meeting called on party organizations at all levels and on the large number of party members and the masses throughout the province to follow the guidelines of the fifth CPC plenary session in fulfilling the following missions: Carrying forward the glorious revolutionary tradition of the Jinggangshan; uniting closely around the party Central Committee, with Comrade Jiang Zemin as the core; addressing the tasks of the campaign of economic rectification, improvement, and intensification of reforms with resolve, high spirits, strong faith, unity, and hard work to ensure their completion; and continually advancing our province's undertakings for socialist modernization.

Attending the plenary session were 45 members and 13 alternate members of the provincial party committee. Another 347 people were on hand as observers, including members of the Central Advisory Commission and the Central Commission for Discipline Inspection, members of the provincial Advisory Committee and the provincial Commission for Discipline Inspection, and responsible persons of relevant party organizations.

On the morning of 21 November, the ninth plenary session of the eighth provincial party committee held its first meeting, presided over by Comrade Jiang Zhuping. Comrade Liu Fangren relayed the guidelines of the fifth CPC plenary session. Comrade Wu Guanzheng delivered a speech on the basic concepts of the "Resolution of the Jiangxi Provincial Party Committee on Implementation of the 'Decision of the CPC Central Committee Regarding Further Economic Rectification, Improvement, and Intensification of Reform (Discussion Draft).'"

In his report, Comrade Liu Fangren gave a general introduction of the fifth CPC plenary session and relayed its leading guidelines regarding further rectifying and improving the economy and deepening reform. According to those guidelines, it is necessary to do the following: to accurately analyze the economic situation; to fully realize the needs and difficulties of the drive to rectify and improve the economy; to sum up and learn from past experience; to establish solid guiding ideology to ensure a steady, stable, and coordinated development of the national economy; to make it a goal to basically complete the tasks of the rectification and improvement

campaign within 3 years, and a little longer to allow our national economy to embark on a path of steady and coordinated growth; to implement the principal measures of the campaign of economic improvement and rectification; to continue to deepen reform and open wider to the outside world; and to strengthen the party's leadership over the drive to rectify, improve, and deepen reform.

Comrade Wu Guanzheng emphatically talked about four issues: Unifying the thinking and awareness of the people of the whole province and directing them onto the Central Committee's "Decision"; making a stable economy the province's foothold; correctly understanding and handling the relations between the campaign of economic rectification and improvement and that of the intensification of reform; and working on politics to ensure the satisfactory completion of the current economic tasks.

Wu Guanzheng stressed that it is imperative to resolutely implement the CPC's major policy of further rectifying and improving the economy and deepening reform within 3 years or a little longer. There should never be even the slightest doubt or wavering. It is necessary to resolutely set about solving deeper problems which have accumulated over the years, in accordance with the arrangements of the central authorities, in order to gradually get rid of inflation. At the same time, it is equally important to address new problems of economic life in order to prevent a decline in production. In order to implement the CPC's "Decision" on all fronts, it is necessary both to take more resolute measures to adamantly advance the drive of rectification and improvement, as far as guiding ideology is concerned, and to give full consideration to all sides' ability to take the heat and to avoid seeking hasty completion of the tasks. We should be willing to sacrifice regional interests in favor of the overall interests while still endeavoring to make our local work successful so as to give good support to the overall situation in the country and safeguard the interests of the whole. We should readjust unreasonable policies and still preserve the consistency and stability of our policies in order to promote a continuing, steady, and coordinated development of the province's economy. To stabilize our provincial economy, in addition to placing the total social demand under firm control, we should make special efforts in the following areas: First, mobilizing the whole province to pool resources to develop agriculture, fighting a good battle in the general warfare of agricultural development, and building the edifice of the provincial economy on a solid agricultural foundation; second, insisting on implementing and improving the contracted managerial responsibility system for enterprises, readjusting the industrial structure, and raising by a large margin the economic returns of industry, and maintaining a proper growth rate in industrial production; third, continuing to readjust the pattern of investment, further strengthening construction of infrastructure in such basic industries as agriculture, energy, transportation, and industry, in support of agriculture [zhi nong gong ye 2388 6593 1562

2814], and enhancing our capabilities for future economic development; fourth, making vigorous efforts to put the circulation market in order, further exploiting new markets and opening up our own markets, and thus creating prosperous and brisk socialist markets.

Starting at noon on 21 November, the participants studied in groups the guiding principles of the fifth plenum of the CPC Central Committee. Comrades attending the meeting unanimously supported all decisions made by the plenum and supported important speeches by Jiang Zemin, Deng Xiaoping, and Li Peng. All of them shared the belief that the fifth plenum of the CPC Central Committee was another important meeting, like the fourth plenum. This meeting focused on the discussion of economic work. In addition, it made decisions on further improving the economic environment and rectifying economic order, and it solved many important economic concerns of all members of the party. This is not only of great significance in stabilizing the economy and pushing China's economy on the road of continued, stable, and coordinated development, but also of great practical meaning in stabilizing the political situation, society, and the people's support, and realizing the strategic goal of the three steps proposed by Comrade Deng Xiaoping.

Comrades participating in the meeting highly evaluated Comrade Deng Xiaoping's outstanding service to our party and state. They unanimously agreed that, proceeding from the fundamental interests of the party and state, Comrade Deng Xiaoping resigned from his present posts and completely retired from leading jobs while still in good health, thus setting an example in earnestly abolishing the life-long tenure of leading posts. He realized the succession of the third generation of the leading nucleus of our party from the second, and showed the broad-mindedness of a great proletarian revolutionary. All comrades firmly believed that the CPC Central Committee, with Comrade Jiang Ze as its core, will certainly lead the whole party, Army, and the people of all nationalities in the nation to gain even more and greater victories on the road to socialist modernization.

Comrades attending the meeting also seriously discussed, examined, and revised, in a fully democratic way, a draft resolution prepared by the Jiangxi Provincial CPC Committee on implementing "the Resolution on Further Implementing the Drive of Improving the Economic Environment, Rectifying Economic Order, and Reform, Adopted by the CPC Central Committee." During the discussion, they provided many excellent opinions and suggestions.

The second meeting of the ninth plenary session of the eighth provincial CPC committee was held in the afternoon of 24 November. The meeting examined and adopted the "Resolution of the Jiangxi Provincial CPC Committee on Implementing 'The Resolution on Further Implementing the Drive of Improving the Economic Environment, Rectifying Economic Order, and Reform Adopted by the CPC Central Committee.'"

Comrade Wu Guangzheng spoke at the end of the meeting. He said: The key to implementing "The Resolution on Further Implementing the Drive of Improving the Economic Environment, Rectifying Economic Order, and Reform Adopted by the CPC Central Committee" lies in settling nicely the problems of unified recognition and strengthening the leadership. It is necessary to comprehensively analyze the situation, fully affirm our achievements, correctly deal with the difficulties, conscientiously analyze the reasons for production problems, clarify the methods of overcoming difficulties to unify our recognition, and boost morale.

Comrade Wu Guangzheng pointed out: While dealing with difficulties, we must, first, have a correct estimation and enough psychological preparation. In addition, we must realize where the advantageous conditions are. Second, we must be even firmer in carrying out the drive of improving the economic environment and rectifying economic order in the face of difficulties. Third, facing the difficulties, we must more resolutely and conscientiously persist in "one center and two basic points." Fourth, while facing the difficulties, we must be even more courageous and strive to guarantee a continued, stable, and coordinated development of the economy.

Comrade Wu Guangzheng pointed out: The basic guarantee of realizing the tasks of improving the economic environment, rectifying economic order, and deepening reform lies in strengthening the party leadership. Whether we can achieve the goal of improving the economic environment, rectifying economic order, and deepening reform depends on whether the party members, especially the members of leading groups at all levels, have firm confidence and correct leadership. Party organs at all levels in the province, especially those of economic departments, enterprises, and rural areas, bear an important leading responsibility during the process of improving the economic environment, rectifying economic order, and deepening reform. They must fully play the key in leading, in being a fighting fortress, and in taking the vanguard roles of the party organs. They must conscientiously implement all principles and policies of the CPC Central Committee. They must resolutely maintain a political situation of stability and unity and strive to guarantee smooth progress of improving the economic environment, rectifying economic order, and deepening reform. He said: The most important thing in strengthening the party leadership is to further strengthen the battle force of party organs at all levels. This force comes from the principle of the party's democratic centralism and disciplines, collective leadership of leading groups at all levels, and creative work of grass-roots party organs in rural areas and enterprises. It is imperative to carry on the glorious tradition of revolutionary Jingangshan and further improve the leadership's workstyle. Leading comrades at all levels must take the lead in working hard and leading a thrifty life for several years. We must be closely linked with the people and insist on taking their road. The great masses of party members, especially leading cadres, must take an exemplary role in sharing

weal and woe with the people. We must conduct thorough, painstaking, and strong political and ideological work. Only by doing so, can we rally the people's support, encourage their spirit of self-reliance, industry, and building up the country with thrift and hard work, and arouse their enthusiasm, creativity, self-respect, and self-confidence to overcome the temporary difficulties in front of us.

Comrade Wu said: Political stability is a prerequisite of economic stability. It is imperative to create a good social environment for stable economic progress. Therefore, we must continue to conduct extensive education in upholding the four cardinal principles, opposing bourgeois liberalization, and trying hard to solve the deep-rooted ideological problems. It is necessary to continue to screen and reorganize companies and never just go through the motions. Meanwhile, we must continue to crack down on corruption, bribery, racketeering, and other economic crimes. In addition, we must continue to take measures to smash criminal activities and resolutely eliminate the six vices while we are launching an "anti-pornography" campaign. Under the unified leadership of the party committees and governments, all departments and grass-root units must fully cooperate in their continuing work of ideological education, improving the administration and cultural progress.

Wu Guangzheng stressed: One of the important political tasks ahead of us is to strengthen the study of Marxism-Leninism and Mao Zedong Thought and to clarify the misleading points among the people. In studying Marxism-Leninism and Mao Zedong Thought, we must first conscientiously learn the philosophy of Marxism and grasp the basic viewpoints and methods of dialectical and historical materialism. In our study, we must insist on the principle of combining theory with practice and use the former to answer and solve practical problems. In studying Marxism-Leninism and Mao Zedong Thought, we must combine the study of classic works of revolutionary teachers with that of Comrade Deng Xiaoping's works. It is necessary to conscientiously study Comrade Deng Xiaoping's works, his rich experience, sublime personality, revolutionary courage and strategy, and communist spirit in order to firmly follow the line, principle, and policy put forward since the 3d Plenum of the 11th CPC Central Committee and advance the cause of socialist modernization in our province.

The meeting ended triumphantly with the majestic singing of the "Internationale."

Shandong Holds Conference on Six Vices

SK0501042290 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 4 Jan 90

[Excerpts] On the afternoon of 4 January, the provincial leading group for eliminating the six vices held a telephone conference to report on the previous work to pool provincewide efforts to eliminate the six vices and to arrange the work for the next stage.

According to statistics, since the provincial struggle to eliminate the six vices was carried out 2 months ago, more than 10,000 criminals of various descriptions have been captured. Of these, more than 2,700 were guilty of abductions and trafficking in women; more than 660 were guilty of prostitution and visits to prostitutes; more than 1,400 were guilty of spreading obscene goods; more than 5,100 were guilty of gathering people to gamble; 17 were guilty of selling smuggled goods; and 82 were guilty of using feudal and superstitious means to cheat and harm the people. More than 790 criminal rings involving the six vices and 130 dens of criminals guilty of abductions and selling people were discovered; nearly 600 pieces of obscene articles, televisions, video recorders, and gambling paraphernalia were captured; and more than 2,100 victims, including women and children, were saved.

The conference pointed out: Around the Spring Festival period is the busy season for the activities of the six vices. Party committees and governments at all levels should further enhance their understanding of the complexity, arduousness, and protractedness of criminal activities involving the six vices, strengthen organizational leadership, conscientiously analyze and study the situation of the previous stage of struggle, sum up experience, find out the existing problems, purposefully formulate measures for the next stage of struggle, and continue to deepen the struggle. [passage omitted]

Gao Changli, member of the Standing Committee of the provincial party committee and secretary of the Political and Legal Commission of the provincial party committee, and Han Bangju, specially invited advisor of the provincial government, attended and addressed the conference.

Shanghai Reports 1989 Financial Data

Overseas Investment

OW0501075790 Beijing XINHUA in English
0650 GMT 5 Jan 90

[Text] Shanghai, January 5 (xinhua)—Shanghai, China's leading economic center, absorbed 350 million U.S. dollars of direct overseas investment and established 199 foreign-funded enterprises in 1989.

According to the municipal commission of foreign economic relations and trade, both figures are larger than those of the previous three years combined.

Official statistics show that Japan was the biggest investor in 1989, accounting for 36 percent of the total; Hong Kong ranked second, accounting for 30 percent; the United States came third, accounting for 11 percent; and Singapore was the fourth, with six percent.

In 1989 some 87 percent of overseas-funded projects and 50 percent of investment were in the manufacturing industries.

By the end of last year direct overseas investment totalled 2.5 billion U.S. dollars, and the number of foreign-funded enterprises amounted to 709.

Among the investment sources, 26 percent of the investment and 50 percent of the joint ventures and co-operative enterprises were from Hong Kong; the United States accounted for 25 percent of the investment and 12 percent of the firms; and 15 percent of the investment and 13 percent of the firms were Japanese.

Though Hong Kong ranked first in investment sources, the American investors included Transnational Corporations and high technology. Among the 10 best joint ventures in China selected last April, six were located in Shanghai and the American joint-venture partner — Foxboro and Hewlett-Packard—were high-tech corporations.

Tax Revenue

OW0401212790 Beijing XINHUA in English
1508 GMT 4 Jan 90

[Text] Shanghai, January 4 (XINHUA)—Shanghai, China's largest industrial center, generated 35 million yuan last year from the income regulation tax on high-income individuals in its urban and rural areas, according to the municipal tax bureau.

Revenue from this tax was 2.67 times that of the previous year's 12.6 million yuan.

One of every eight people in this metropolis has to pay the personal income regulation tax, according to the tax bureau.

Shanghai Reinstates Labor Wage Commission

OW0301123390 Shanghai JIEFANG RIBAO in Chinese
29 Dec 89 p 1

[Text] The 13th meeting of the 9th Shanghai Municipal People's Congress Standing Committee ended yesterday and decided to appoint Huang Ju as the concurrent chairman of the municipal Labor Wage Commission, Chen Xianzhao (7115 7359 6856) as the director of the municipal First Commerce Bureau, and Xu Kuangdi as the director of the municipal Higher Education Bureau.

The three members of the Shanghai municipal government were recommended by Mayor Zhu Rongji and were appointed after deliberation by the municipal People's Congress Standing Committee. The Labor Wage Commission, originally under the municipal government, was merged with the municipal Economic Restructuring Office in 1987. The municipal government decided to reinstitute the commission in order to intensify macrocontrol of labor wages and consumption funds and to supervise, coordinate, and research policies. Zhang Delong, former director of the Higher Education Bureau, was relieved of his duties because he reached retirement age.

The meeting also heard and examined municipal government reports on consolidating individual business operations and on work relating to overseas Chinese, nationalities, and religion. It also reviewed and adopted other personnel changes.

Central-South Region

New Year Interview With Guangdong's Lin Ruo

HK0301095590 Guangzhou Guangdong Provincial
Service in Mandarin 1000 GMT 1 Jan 90

[Text] We now bring you a recorded report on an interview with Lin Ruo, secretary of the Guangdong Provincial CPC Committee, by our station reporters (Zeng Wenbo) and (Yu Lijun) last night:

[Reporter] We will see the 1980's out and the 1990's in in a few hours. On this occasion of seeing out the old and seeing in the new, we, the Guangdong News Broadcasting Station and Zhujiang Economic Broadcasting Station, would like to ask you to say a few words to our listeners. Okay?

[Lin Ruo] On the occasion of seeing out the old and seeing in the new and on the occasion of the New Year coming soon, I would like, first of all, to extend New Year's greetings to the people of Guangdong and to the Overseas Chinese and foreign friends working in this province, and wish them every success in their work, good health, and a happy family life.

The year 1989 will soon be over. It was an unusual year, and a year of hard work. Despite the many difficulties, we have eventually tided over the difficult time. We have even made some satisfactory achievements. It is estimated that this year's gross industrial output value will exceed 100 billion yuan, which is an increase of 14 percent over last year. In agriculture, we have also reaped a bumper harvest, not only in grain production, but also in forestry, animal husbandry, sideline production, and fishery. The people of our province are satisfied with these achievements, which have not been made easily. This is a result of the great efforts and diligent work of the people throughout the province under the leadership of the party and government. I would like to take this opportunity to express once again my congratulations to the people throughout the province.

[Reporter] What are your new expectations of the people of our province in the coming new year?

[Lin Ruo] In the new year, the situation will continue to be very complicated, and we will still have to work very hard. We are now carrying out economic improvement and rectification and promoting the work of reform and opening up. The problems accumulated in the past few years due to the overheated economy cannot be solved overnight. They can be solved only through our long-term efforts. Therefore, we can predict that the work for next year will still be very complicated and difficult. Nevertheless, we have gone through countless difficulties

and setbacks over the past 10 or 11 years since we began our work of reform and opening up. Although we have encountered some difficulties at present, I believe that under the leadership of the CPC Central Committee we will surely conquer all difficulties. We are still full of promise in the new year. We hope that in the new year, we will achieve a sustained, steady, and harmonious economic development, further carry out reform and further open up to the outside world, and, with the development of production, continue to improve the people's livelihood.

Let us work hard together.

Guangdong Forms Rules for Detaining Prostitutes

HK0301085790 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 30 Dec 89

[Text] The interim regulations promulgated by the provincial government on detaining seven kinds of people, including prostitutes and brothel patrons for a period of reeducation, are to take effect by 1 January 1990.

The main points of the interim regulations state that the seven kinds of people, including whores and brothel patrons who refuse to repent after being penalized according to public security regulations, but who are not up for reeducation through compulsory labor, can be detained for a period of reeducation. The period of reeducation lasts from 3 to 12 months. If the detainees refuse to repent during the period of reeducation, another period of 3 to 6 months can be added. The detained whores and brothels are subject to medical checks for venereal diseases and those suffering venereal diseases are forced to accept medical treatment. Living and medical expenses of the detainees during the period of reeducation should be paid by themselves or by their family members.

State Taxation Director Inspects Hainan

HK0401034390 Haikou Hainan Provincial Service in Mandarin 2300 GMT 2 Jan 90

[Excerpts] Recently, Jin Xin, director of State Administration of Taxation, inspected Hainan Province. During his inspection in Hainan, Director Jin Xin met with local taxation cadres and discussed relevant taxation policies of the Hainan Special Economic Zone with the local taxation cadres in Hainan Province. [passage omitted]

Yesterday evening, Liu Jianfeng, governor of Hainan Province, and Bao Keming, executive vice governor of Hainan Province, met with Director Jin Xin in Hainan Hotel. On behalf of the Hainan Provincial People's Government, Governor Liu Jianfeng expressed thanks to Director Jin Xin for his concern for Hainan's taxation work. [passage omitted]

During the meeting, Director Jin Xin said that the state has no objection to the existing taxation policies implemented in Hainan Province and hopes that Hainan Province will continue to implement its existing taxation

policies to the letter. All the relevant state preferential policies toward Hainan will continue to be implemented. Nevertheless, Director Jin Xin said that all the comrades should always bear in mind that China is a sovereign state. Taxation is a symbol of China's sovereignty. Therefore, all the comrades engaged in taxation work and other types of work should do their best to safeguard China's sovereignty, respect common international practice, and promote opening up to the outside world. [passage omitted]

Hainan Secretary Attends Provincial Meeting

HK0401132590 Haikou Hainan Provincial Service in Mandarin 2300 GMT 3 Jan 90

[Excerpts] Hainan's provincial meeting on exchanging experiences in building spiritual civilization and commending advanced collectives and individuals in the fight against natural calamities was held in Haikou this morning.

The meeting was attended by more than 200 deputies from various cities, counties, provincial departments and organizations, big enterprises, mines, institutions of higher learning in Hainan Province, and PLA units stationed in the province.

Provincial party and government leaders, including Xu Shijie, secretary of the Hainan Provincial CPC Committee; Liu Jianfeng, deputy secretary of the Hainan Provincial CPC Committee and concurrently governor of Hainan Province, and some other provincial leaders also attended the meeting. [passage omitted]

Leading comrades from various provincial departments, commissions, offices, and bureaus also attended the meeting as non-voting delegates.

The meeting was presided over by Yao Wenxu, deputy secretary of the Hainan Provincial CPC Committee and concurrently chairman of the Hainan Provincial CPPCC Committee. [passage omitted]

At the meeting, Miao Enlu, member of the Standing Committee of the Hainan Provincial CPC Committee and concurrently secretary general of the Hainan Provincial CPC Committee and leader of the provincial leading group in charge of the work of building spiritual civilization, elaborated on the draft circular of the Hainan Provincial CPC Committee on strengthening the building of spiritual civilization. [passage omitted]

The draft circular on strengthening the building of spiritual civilization is divided into the following four parts: 1) The important position and guiding ideology of building socialist spiritual civilization; 2) the main contents and requirements of building socialist spiritual civilization in the Hainan Special Economic Zone; 3) the main tasks of building socialist spiritual civilization in the Hainan Special Economic Zone; 4) to continuously strengthen leadership over the work of building socialist

spiritual civilization and raise the standard of building socialist spiritual civilization throughout Hainan Province. [passage omitted]

Hainan Holds Meeting on Public Order Management

*HK0101093490 Haikou Hainan Provincial Service
in Mandarin 2300 GMT 28 Dec 89*

[Excerpts] A provincial meeting to exchange experience in comprehensive management of public order, which lasted 2-1/2 days, closed in Qionghai County yesterday morning. The meeting reviewed the progress made in the implementation of the program for comprehensive management of public order of Hainan Province. The participants summed up and exchanged experience and discussed forming a plan for comprehensive management of public order in the future. Present at the meeting were all the leading members of the provincial joint committee for comprehensive management of public order, leading comrades in charge of political and legal work from all cities and counties, directors of public security bureaus, chief procurators, court presidents, directors of judicial bureaus, responsible comrades of the provincial departments and bureaus concerned, and representatives from 26 model units in comprehensive management of public order. Altogether, more than 200 people attended.

Wei Zefang, member of the standing committee of the provincial party committee and head of the leading group for political science and law under the provincial party committee; Li Tianxiang, chief procurator of the provincial people's procuratorate; Ding Guo, president of the provincial higher people's court; and Meng Jiniao, director of the provincial public security department, attended the meeting. [passage omitted]

Comrade Wei Zefang delivered a concluding speech during the meeting. Having noted the remarkable progress the province had made over the past year in the comprehensive management of public order and in the operation of dealing severe blows at serious criminal offenses, Comrade Wei Zefang pointed out: All indications show that we will still be faced with a very serious situation in social order next year. [passage omitted] In this connection, we must carry out the following tasks in real earnest: 1) We must carry on the operation of dealing severe blows at serious criminal offenses and more thoroughly implement the principle of prompt and strong action against criminal offenders, ruthlessly cracking down on criminal activities which seriously endanger social security. 2) We must vigorously launch the drive against the six vices so as to eliminate factors that may invite crimes. 3) We must work hard to establish an anti-criminal network, and we must further mobilize the masses to plunge into the struggle to prevent and fight criminal activities. 4) We must strengthen grass-roots organizations of political power, intensify the basis, and establish a system for comprehensive management of public order with police substations as its mainstay. 5) We must further strengthen correctional

service so as to remold the vast majority of prisoners by means of reeducation through labor. [passage omitted]

Hubei Economic Official Views Next Year's Plan

*HK0401050590 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 3 Jan 90*

[Interview with (Jin Shilang), director of the provincial economic commission, titled "Have a Clear Picture of the Situation, Raise Our Morale, and Strive To Make a Good Start in the New Year"—recorded]

[Excerpts] [Begin recording] [Reporter]: Comrade (Jin Shilang), now that the year 1989 has passed, could you brief us on the situation in industrial production in 1989? Also, could you tell us what targets and plans you have for the new year?

[Jin]: The year 1989 has passed, and the new year has come. Here I would like to extend my regards to the vast number of workers on the industrial and communications sector through your broadcasting station. I wish everybody a happy new year.

In evaluating the performance of the industrial sector in 1989, I would say that the general development trend of industrial production in the province has been good. Although various problems arising in the third quarter of last year, such as sluggish market, overstock of goods, and shortage of circulating funds, caused a decline in production output, industrial production rose again in the fourth quarter more rapidly than we had expected. This was due to the strengthening of leadership and the efforts by the vast number of workers in the province. By the end of last year, the province's gross industrial output value for the whole year may have exceeded 65 billion yuan, an increase of 5 percent over the year 1988. Given the on-going economic improvement and rectification operation and macroeconomic deflation, this was a hard-won victory indeed. Of course, we should also be aware of our deficiency as compared with the target set by the provincial party committee and the provincial government and with the standards attained by advanced provinces and municipalities in the country. Our comrades on the industrial and communications sector in Hubei must be clearly aware of this.

With regard to our industrial production plan for the first quarter of this year, according to the provincial party committee's instruction requiring us to stop decline in industrial output, we have set a target for 5.8-percent growth over the same period last year and we will strive to raise it further up to 6 percent. In setting this growth rate, we have taken the cases of other provinces and municipalities, as well as the conditions of all the prefectures, cities, and trades in our province, into account. However, as we cannot expect substantial improvement in the situation in the market and the supply of funds, we believe that it would be pretty difficult for us to fulfill this target. It certainly requires a great deal of hard work. [passage omitted] [end recording]

Hubei Succeeds in Economic Rectification

HK0401051190 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 3 Jan 90

[Text] In 1989 Hubei Province started fully implementing the principle of improving the economic environment and rectifying economic order. Thanks to the great efforts by all sectors, at the upper and lower levels alike, the province has witnessed gratifying changes in the following eight aspects:

1. The overheated desire for consumption has been inhibited. Statistics from January to October last year show that the scale of investment in fixed assets, the margin of increase in wages and bonuses, the institutional purchasing power, and the overhead expenses of government organs and service organizations in the province all decreased, as compared with the previous year.
2. The growth rate of commodity sale volume has gradually returned to normal. The province's total volume of retail sales last year may reach 36 billion yuan, an increase of 8 percent over the previous year.
3. The public's consumption mentality is tending to be stable. Due to the steady growth in industrial and agricultural production, effective supply to the market in the province has increased, goods have been in ample supply, and the prices of daily necessities have been stable. These factors have helped stabilize the public's consumption mentality.

The remaining five changes are: decline in the price index; improvement of the order in the circulation market; initial success in the program of monopolized supply and marketing of capital goods for agriculture; increase in the processed oil self-supply rate; and the maintenance of a pretty stable market.

Hunan Conference Considers Rural Policies

HK0301083990 Changsha Hunan Provincial Service
in Mandarin 2300 GMT 29 Dec 89

[Excerpts] The 4-day provincial conference on rural work closed in Changsha yesterday. The conference stressed that it is necessary to keep the policies stable, strengthen leadership, mobilize as many people as possible, start a massive campaign throughout the province to vigorously develop and support agriculture, and thus strive for a bumper harvest next year.

During the conference, the participants conscientiously studied the spirit of the national experience exchange meeting on comprehensive development of agriculture. They also studied some speeches by central leaders Jiang Zemin, Li Peng, and Tian Jiyun. Leading comrades of more than 10 organs directly under the provincial authorities spoke at the conference. Leading comrades from Yueyang, Changsha, Hengyang, and Huaihua Cities and from Changsha County briefed the conference participants on their experience.

During yesterday's closing session, Chen Bangzhu, deputy secretary of the provincial party committee and governor, delivered an important speech on behalf of the provincial party committee and government. He said: To develop agriculture we must first have a clear understanding of the importance of agriculture as a basic production sector. Everybody must think of developing and supporting agriculture as an urgent task.

Chen Bangzhu pointed out: In order to mobilize as many people as possible to vigorously develop agriculture, we must consider keeping the rural policy stable as a key factor. A stable policy enables the peasants to rest assured. Our leading comrades at all levels must widely publicize the principle of keeping six things unchanged, which was presented by the central authorities, and the principle of keeping seven things unchanged, which was presented by the enlarged plenary session of the provincial party committee. The provincial government has decided not to allot quotas to peasants regarding procurement of agricultural and sideline products, except grain, cotton, edible oil, and tobacco. Meanwhile, it is necessary to extensively conduct education in socialism and do a good job in the development of the two civilizations in rural areas. [passage omitted]

Wang Zhiguo, vice chairman of the provincial Advisory Commission, and Cao Wenju, vice chairman of the standing committee of the provincial people's congress, also delivered speeches at yesterday's closing session. Provincial party and government leaders Dong Zhiwen, Liu Guoan, (Shi Jie), and Tong Wei were present at the closing session. The session was presided over by Vice Governor Zhuo Kangning.

Hunan To Ban Cadres From Building Private Homes

HK0401065390 Changsha Hunan Provincial Service
in Mandarin 2300 GMT 3 Jan 90

[Excerpts] Yesterday evening, the Hunan Provincial CPC Committee and the Hunan Provincial People's Government held a telephone meeting on banning cadres from building private houses. [passage omitted]

The meeting revealed that a total of 30,090 cadres in Hunan Province have built private houses for themselves in 1989, among whom are 1,030 cadres at the county level and 11,700 cadres at section chief level. The provincial authorities have already confiscated more than 10.5 million yuan from these cadres, fined these cadres a total of more than 3.6 million yuan, and disciplined and punished, in accordance with the party and government disciplines and the state law, a total of 436 cadres who have committed serious mistakes or even crimes. [passage omitted]

At yesterday's meeting, Yang Minzhi, member of the Standing Committee of the Hunan Provincial CPC Committee and concurrently secretary of the Hunan Provincial CPC Commission for Discipline Inspection, stressed that with the arrival of the year 1990, the work of screening private houses has entered a crucial stage.

The leaders at all levels must unify ideology, speed up the campaign of cracking major and serious cases, confiscate and pull down illegally built private houses, demand those who have illegally built houses for themselves to pay compensation and those who cannot afford the compensation to sell their houses to pay the compensation, and strictly discipline and punish those cadres who have violated the party and government disciplines or the state law.

The meeting was presided over by Chen Bangzhu, deputy secretary of the Hunan Provincial CPC Committee and concurrently governor of Hunan Province. Comrade Chen Bangzhu called on the party and government leaders at all levels in Hunan Province to unify ideology and conscientiously carry out the work of screening private houses so as to promote a sustained, steady, and coordinated economic development.

Southwest Region

8,000 Guizhou Residents Build Illegal Housing

HK0501090690 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0420 GMT 4 Jan 90

["Over 8,000 Cadres and Employees in Guizhou Illegally Occupy the Land and Build Private Houses"—ZHONGGUO TONGXUN SHE headline]

[Text] Guiyang, 4 January (ZHONGGUO TONGXUN SHE)—Up until now, it has been discovered that some 15,865 cadres and employees in Guizhou Province have illegally occupied the land and built private houses for themselves. Among these people, some 8,690 have violated the relevant regulations, disciplines, and laws, and 288 are cadres at county level.

Guizhou began the campaign of screening private houses and investigating cadres and employees who have illegally built houses in August 1989. Over the past 5 months, over 2,160 screening institutions have been set up in various areas; a total of 10,000 cadres have been transferred to work in them. In the course of the campaign, a total of 500 people, including 143 cadres at and above county level, have been found in possession of illegally built private houses and have either been dealt with or disciplined. So far, the authorities have fined these people a total of 0.95 million yuan and pulled down or confiscated private houses whose total area topped 21,000 square meters. Moreover, certain people have also voluntarily gone to the departments concerned to complete the relevant registration procedures and pay off the relevant taxes.

At the 3d Guizhou Provincial Conference of Directors of Offices in Charge of Screening Private Houses held in late December 1989, Liu Hanzhen, secretary of the Guizhou Provincial CPC Committee, stressed that it is necessary to strictly deal with and discipline the leading cadres found in possession of illegally built houses and strictly deal with the cadres at and above county level in

accordance with the state law and the relevant state policies, and according to the relevant demands of the work aimed at eliminating corruption.

The Conference also demanded that the work dealing with cadres at and above county level be basically completed before the end of this month, and the entire work before the end of March this year.

Central Government Increases Investment in Tibet

HK0501014190 Beijing ZHONGGUO XINWEN SHE in Chinese 0332 GMT 3 Jan 90

["This Year, China's Investment in Tibet Is Expected to Reach an All-time High"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 3 January (ZHONGGUO XINWEN SHE)—Sources from a Tibet regional planning, financial, and structural reform conference said that the government's investments in fixed assets in Tibet will hit an all-time high, totaling 400 million yuan this year.

With regard to this fiscal year's financial appropriation, the Tibet Autonomous Region will give preference to agriculture and animal husbandry, education, energy, and communications. It is expected that the funds allocated to boost agriculture and forestry will increase by 10 percent over last year; funds to finance construction of agricultural, forestry, water conservation, and meteorological facilities will increase by 4.9 percent over last year; industrial and communications operational expenditure will increase by 5.5 percent; and funds allocated to the sectors of culture, education, and public health will increase by 2.4 percent.

Tibet Reports Rectification Achievements

HK0401080590 Lhasa Tibet Regional Service in Mandarin 1130 GMT 2 Jan 90

[Text] According to a report of TIBET RIBAO, last year our region scored achievements in improvement and rectification and contributed toward the stabilization of society and the situation.

In the aspect of rectification, the regional people's government formulated six regulations on macro management, thus strengthening the macro management of the important products and the circulation of materials earmarked for unified distribution. It completely straightened out 694 companies of various kinds throughout the region, of which 10 did not conform to the state specifications were dealt with in different forms, such as ban, abolition, and merger. It began putting an end to some chaotic phenomena in the circulation link.

In the aspect of strengthening control over the market, prices, and materials, the increased retail price index of commodities dropped from 21 percent the year before last to 17.5 percent last year. The increased charge index of service dropped from 70.8 percent to 23 percent. The

price index of living costs of the whole year was lower than in the year before last by 4 percent, measuring up to the requirements specified by the state.

Moreover, our region further strengthened effective supply. With the efforts of the commercial departments, the supply of goods and the transport of commodities were vigorously organized. Last year, grain, edible oil, a large quantity of manufactured goods for daily use, and special commodities for nationality use were transported to our region from places outside our region.

It was estimated that the total volume of retail sales throughout our region might exceed the volume as planned and might be 18 percent more than in the year before last. In addition, relatively great progress was made in the production and supply of nonstaple food and vegetables for urban areas. Some 40 million jin of vegetables were supplied to Lhasa alone last year, basically guaranteeing the needs of the masses' livelihood.

Feature Recounts Visit To Tibet

HK0301041890 Hong Kong WEN WEI PO in Chinese
23 Dec 89 p 2

[Feature article by Yang Yungnian (2799 3057 1628), WEN WEI PO southwest China resident correspondent: "A City of Sunshine: Brightness and Shadow—Fourth Report on a News Coverage Trip to Tibet"]

[Text] Lhasa is worthy of the name of the world's sunshine city. Here the sun in winter time is by no means less stronger than Hong Kong's sun in summer. The dazzling winter sun is often warm enough to expel people's feeling of cold notwithstanding they walk in a snowy mountain valley and on icy ground. So, in the sunshine as lovely as this, I dropped in to see two deputy mayors of Lhasa, Dopu Jinghua and Zhao Jiyuan, from whom I gained more insight into the city.

Go All Out for a Catty of Vegetables

(1) Good harvest in agriculture was anticipated. The city's gross annual production of oil seeds and grain crops broke through 200 million catties. Thus the goal that the city had striven after for years was attained.

(2) Industries, transportation, and communications had not increased much at the time of rectification, yet they were expected to grow by 5 to 6 percent over 1988.

(3) Supplies of daily necessities were ensured; local production increased. In 1989, an average supply of a catty of vegetables per person per day was achieved. Both mayors stressed that achieving this "one catty" objective was no simple matter because Lhasa was a city on a plateau over 4,000 meters above sea-level, and that the achievement was due to the efforts of the present city government. During harvest seasons, over 40 kinds of vegetables were sold on the market. Over 30 kinds of daily necessities were always available, and supplies were guaranteed by city stock. Butcher shops were increased

from 3 to 25, making pork openly available. Supply of beef turned out to be satisfactory. But lamb was in relatively short supply.

City Area Coverage Expanded 12 Times

(4) Commodity prices were holding steady. 1988's upward trend of commodity prices were brought under control in early 1989, and the prices went down continuously since April. October's price index rose by only 13.2 percent over 1988, whereas before October the index rise might be up to 30 percent at times.

(5) City construction was in progress. Reconstruction of the city's dangerous buildings was budgeted for 26.5 million yuan from 1986 through 1989, for a total area of 130 square meters. One-hundred and twenty square meters were completed; the rest would be done in 1990. City area had been extended from 3 square km (the old city) before democratic reform to 38 square km. Water supply was improving. Drainage and sewers were cleared and rebuilt. These works were never done before in Lhasa although they might be just some common overhaul jobs in inland cities. Before the democratic reform, Lhasa had no up-to-standard motorways, and it had 52 km of main highways in 1989.

(6) The city's mode of transportation was changing. Currently the flow of people was too light to justify city bus operation. The city had 20 taxis in service. Lhasa has highways like the Qinghai-Tibet and Sichuan-Tibet Highways going outward from the autonomous region, and the China-Nepal Highway was reconstructed and extended. The Qinghai-Tibet Highway had a new asphalt pavement, that raised the highway to a new grade. The China-Nepal Highway was rerouted to Shorten the Lhasa-Kathmandu Highway mileage by almost 100 km.

(7) The living standard of Lhasa citizens has improved. The city had a population of 240,000, predominantly farmers and herdsman. Their average per capita annual earning was 350 yuan in 1986 and 405 yuan in 1989. City cadres and workers got almost 1,600 yuan in salary.

Problems Facing Lhasa

Lhasa has some problems like other cities have.

First, the city is in serious shortage of capital funding. The mayors said that Lhasa had no financial reserves in the past. Its capital construction and housing were built on loans that has to be repaid today. New construction projects still require a large amount of investment. In order to keep the Chinese border region in stable condition, supplies to Lhasa must be guaranteed at all times and must meet people's increasing demands. From a long term point of view, Lhasa should not live on the support, or "contracted assistance," from neighboring provinces. Lhasa should become self-sufficient and independent in development one day, and this implies a need of a great deal of capital investment. Therefore Lhasa is in deep financial difficulty today.

Second, Lhasa is poor in technology and facilities. This not only means that help is hard to get from outside the region, but people are also not mentally or culturally prepared for technology. For example, at one time when drought hit the area, the city shot ice pellets upward to the sky to create artificial rain. This had been a common practice in inland China. However, people in Lhasa raised objection to shooting the sky, saying that the drought was the demon's will that should not be offended.

Third, Lhasa lacks energy resources. Heat and electricity are supplied by generating stations using oil as an energy source. The generating capacity has been small and oil is transported over a long distance. Both heat and electrical power are in tight supply.

Fourth, macroeconomic management could not be effectively applied. After chatting with the mayors, the author was aware that the Tibetan authorities had been seriously worried about the lack of professionals. Mayor Zhao regretted to say that the 10 years of political turmoil had interrupted education and training, and that it had left Tibet suffering a heavy staff shortage.

North Region

Beijing Reduces Cadre Number, Raises Quality

HK0501095790 Beijing CHINA DAILY in English
4 Jan 90 p 3

[By staff reporter Li Hong]

[Text] Owing to the personnel system revamping of the past few years, Beijing municipality has found its swelling team of cadres smaller, but its quality greatly improved, CHINA DAILY has learned.

Last year the city's growth rate of cadres registered 3.8 percent, lower than the national average level, which was estimated at around five percent. And those at municipal administrative posts even declined more than 1,000 people compared with the previous year.

On the other hand, the city's efforts to readjust the structure of its cadres have paid off, with its buildup and quality significantly improved.

According to statistics, the government functionaries who have had access to diplomas of specialized colleges and universities now account for 3-4 percent of the total cadres, increased from 26 percent in 1985. And more university graduates have gone to the stratum of senior positions above the bureau-chief level.

Furthermore, via the city's campaign of training cadres and in accordance with the principle of "choosing government employees through examination," up to 100,000 technical workers of various disciplines joined Beijing's team of cadres last year.

"What we have been endeavouring to achieve is to cut down our overstaffed team and raise our working efficiency," Wang Jingqin, deputy director of Beijing Municipal Bureau of Personnel Affairs, said yesterday.

Wang told CHINA DAILY that the city has planned to steam its number of cadres to not more than 700,000 by the end of 1990, and for this, stricter regulations and measures will be designated and implemented.

For example, the city will strengthen its administration on the establishment of new institutions. Examining and approving procedure of new establishments will be perfected and systemized.

The newly-found Beijing Committee of Authorizing Establishments, composed by high-ranking municipal party and government officials, will look into those new institutions and those raising their administration level.

Wang also said that the city will continue to improve its work of assigning the college and specialized school graduates jobs and replacement of military-turned-to-civilian servicemen.

"Responding to the calls of the current righting and rectification of the economy and deepening reforms, they will be mostly sent to industry and commerce, taxation, finance, public security and other economic supervision and adjustment departments," Wang said.

To prevent cadres from becoming involved in corruption, every year Beijing municipal government conducts two investigations into the work of cadres at departmental-chief, divisional-head and bureau-chief levels. And this policy will not change, according to Wang.

And every year a number of cadres exceeding the government set retirement age give way to younger ones.

Beijing To Exercise Price Controls

HK0401125090 Beijing RENMIN RIBAO in Chinese
29 Dec 89 p 2

[Report by Zhang Shuzheng (1728 2579 2398): "Beijing to Exercise Strict Control Over Price Increases in 1990—The Prices of Grain and Oil Rations To Be Frozen, and the Retail Prices of Meat, Eggs and Sugar Be Kept Stable"]

[Text] Beijing, 27 Dec—"Strict control over prices will be continued next year, and the scope of price increases must be lower than this year. Special attention will be focused on stabilizing the prices and labor charges of people's daily necessities. The prices of grain and oil rations will be kept unchanged, and the retail prices of meat, eggs and sugar stable." The above was learned by the reporter from the Beijing Municipal work meeting for the planning of 1990, which concluded today.

Beijing, the capital of the country, has adopted a range of effective policies this year and price control has achieved notable results. The rate of increase has declined month

by month, and the annual scope of increases in retail prices can be expected to stay within 18.5 percent or so, which is at least 3 percentage points lower than last year. The control over next year's price increases may be more difficult, but Municipal Vice Mayor Zhang Jianmin told the reporter: "We will have a good plan for next year's economic and social development under the premise of keeping the political situation stable."

It is learned that next year, Beijing Municipality will continue the quota and responsibility system in price control in order to further strengthen the management of state fixed prices and state guidance prices, suitably concentrate the powers to control prices, so that, within the jurisdiction of Beijing Municipality, any price adjustment of commodities under state fixed prices must seek approval from the municipal government.

The Municipal Planning Commission requires that there be a sound application procedure and record system for any price increase of commodities with decontrolled prices; supervision must be strengthened on commodities under ceiling price control; for commodities not bound by the requirement to report to the state, regulations must be in place to ensure rational commodity flows in circulation realms, that the differences between imports and sales, wholesale and retail distribution, are regulated; commodities whose prices are prone to increase are to be put under strict control; and the adjustment of a few highly irrational commodity prices under local administration must be based on precise calculations, and the time to launch the adjustment must be chosen with great care, so that the impact on annual retail price index will not hamper the effort to keep the index strictly at, or under the state-regulated level. Price inspection departments at various levels must conduct strict inspection of prices throughout the year.

Beijing Reports Increased Export Value

OW0201073490 Beijing XINHUA in English
0702 GMT 2 Jan 90

[Text] Beijing, January 2 (XINHUA)—Export value of Beijing reached 1.1 billion U.S. dollars last year, a 7.84 percent increase over that of 1988, according to statistics from the municipal commission of foreign economic relations and trade.

More than 100 million U.S. dollars of the amount went to the export of clothes, textile and machinery.

At the same time, the capital also approved 185 joint ventures, wholly foreign-funded enterprises and ventures of cooperation, with 83.7 million U.S. dollars of foreign investment and a contracted value of 190 million U.S. dollars. 165 of these ventures are production-oriented.

This has made the city's total of joint ventures to 594, which have drawn 1.88 billion U.S. dollars of foreign investment with a contracted value of 4.08 billion U.S. dollars.

In addition to this, the capital also set up five more overseas enterprises last year, and 116 branches of foreign companies were established in Beijing.

Inner Mongolian Commentator on Common Goals

SK2312061389 Hohhot Inner Mongolia Regional
Service in Mandarin 1130 GMT 6 Dec 89

[Commentator's article: "Make Everything Serve the Overall Situation"]

[Text] Making everything serve the overall situation is a key principle of the party in handling the contradictions in interests as well as an important criterion in judging party members' party spirit. Under the current situation of improving the economic environment, rectifying the economic order, and deepening reforms, the central authorities should appropriately concentrate manpower and financial and material resources and stress the solemnity of the state plans. The interests of various fronts will certainly be affected through readjusting the structure of industries based on the principle of guaranteeing those that should be guaranteed and controlling those that should be controlled, and emphasizing the control over the scale of investment in fixed assets and over the excessively higher consumption demands. Thus, it is of particular importance to place stress on taking the overall situation into account, having the cardinal principles in mind, observing discipline, and proceeding from the overall situation in the course of improving the economic environment, rectifying the economic order, and deepening reforms.

The whole and the part are dialectically unified. The economy in China is established based on the wide division of labor and the exchange activities in society as a whole. Each and every part closely links up with the whole, so no part can develop independently of the whole. When the overall situation is not stable, the prosperity of individual parts will not be sustained. The current situation as a whole demands that we resolutely implement the decisions of the central authorities and achieve success in improving the economic environment, rectifying the economic order, and deepening reforms. Thus, the people of all nationalities, particularly leading cadres at various levels, should foster an idea of taking the overall situation into account; consciously ensure that the interests of the part is subordinated to those of the whole and the short-term interests is subordinated to the long-term ones; ponder questions in line with the overall situation of improving the economic environment, rectifying the economic order, and deepening reforms; and act in unison with the central authorities and the regional party committee. In the course of improving the economic environment and rectifying the economic order, we should control those that should be controlled, clean up those that should be cleaned up, always give first priority to the interests of the whole, reluctantly give up the interests of the part when necessary, and strive to make greater contributions to safeguarding the interests of the whole.

To make everything serve the overall situation, we must not only have political integrity and seek unity of action but also strictly enforce discipline. We should resolutely oppose and eliminate selfish departmentalism; decentralism; anarchism under which everyone goes his own way; and such disgusting activities as people at lower levels adopting countermeasures against the policies of higher levels and people overtly agreeing but covertly opposing the policies of higher levels; and other practices in conflict with the policies of the central authorities adopted by the localities on the excuse of being unique. Only by so doing can we firmly foster a concept of taking the overall situation into account, eliminate obstacles, and coordinatedly implement various measures for improving the economic environment, rectifying the economic order, and deepening reforms, and ensure a sustained, stable and harmonious development of the national economy.

Our emphasis on making everything serve the overall situation does not mean to forsaking the individual parts or to reversing the reform work. What we advocate is not only to take the overall situation into account but also to give consideration to the parts. However, making everything serve the whole situation is a prerequisite. Fundamentally speaking and viewing the long-term situation, we know that the part will be able to make big progress and the interests of the part will further be strengthened only when the whole situation develops well and the interests of the whole is strengthened. This is an extremely clear principle.

Tan Shaowen on Tianjin Defense Education

SK0501072290 Tianjin TIANJIN RIBAO in Chinese
16 Dec 89 p 1

[Text] To make the overall situation stable, and to further improve the economic environment, straighten out the economic order, and deepen the reform, it is necessary to successfully conduct education on national defense. Therefore, we should conduct education on national defense among all the people in a penetrating and sustained manner, and should gradually systemize and regularize national defense education. These remarks were made by Tan Shaowen, secretary of the municipal party committee and director of the municipal leading group for national defense education, on 15 December at the second meeting of the municipal leading group for national defense education.

The meeting pointed out: Over the past year, marked achievements have been scored in the municipal work related to national defense education. As a result, vast numbers of cadres and the masses have enhanced their sense of national defense, their sense of responsibility for supporting army building, and their awareness in doing the militia and reserve duty work well.

Also speaking at the meeting were Lan Baojing, deputy director of the municipal leading group for national defense education and political commissar of the Tianjin

Garrison District; and Zheng Guozhong, commander of the Tianjin Garrison District.

In his speech, Tan Shaowen pointed out: We should continue to deepen our understanding of national defense education, and approach national defense education from the perspective of improving the economic environment and straightening out the economic order. To stabilize the overall situation and to further improve the economic environment, straighten out the economic order, and deepen the reform, it is necessary to strengthen national defense education. We should guard against and overcome the false sense of peace and security, foster the sense of "overall national defense," always watch out for the armed incursion of the hostile forces from abroad, and guard against their scheme of "peaceful evolution" at any moment. We should earnestly summarize experiences and draw a lesson from the current turmoil and the counterrevolutionary rebellion, and should conduct national defense education in a penetrating and sustained manner and enhance the whole people's political alertness from the high plane of maintaining the overall stability and ensuring the long-term stability and order of the state so as to enable the people to draw a distinction between ourselves and the enemy, clearly understand our orientation, and make contributions to stabilizing the overall situation.

Tan Shaowen stressed: We should pay attention to improving the practical results of national defense education. National defense education should be carried out in line with the central task of the party and in organic combination with various other ideological education activities. Through education, we should enhance the people's sense of national defense and their awareness in performing the duty of defending the motherland and dedicating themselves to national defense. Through education, we should also promote the unity of the army with the government and the people in an effort to commonly build and defend Tianjin with one heart and one mind. Party committees at all levels should actually strengthen leadership of the work related to national defense education, and, with hard work in all fields, push the municipal work concerning national defense education to a new level.

The meeting's participants also discussed and reached unanimity on the issues of launching the week of national defense education activities throughout the municipality every year and strengthening the legalization of national defense education.

Lu Huansheng, deputy director of the municipal leading group for national defense education and vice mayor of the municipality, presided over the meeting.

Northeast Region

Jilin Reports Successful Livestock Breeding

HK0401153390 Beijing RENMIN RIBAO in Chinese
28 Dec 89 p 1

[Report based on JILIN RIBAO reporters Chou Fangying (0092 2455 6601) and Xu Hai (6079 3189): "Jilin Scores Remarkable Results in Livestock Breeding"]

[Text] Good news came that the gross output value of livestock breeding hit a record high in Jilin Province at a time when the year 1989 drew to an end. Back at the beginning of the year, the provincial authorities decided to focus efforts on livestock breeding, and called 1989 the "Year of Livestock Breeding." Now, for the first time in history, Jilin has realized self-sufficiency in pork supply, with the output of sheep, cattle, livestock, and poultry hitting a record high. This signifies that this major province in grain production has broken through the target of building its livestock breeding into an independent pillar industry in harmony with grain production.

Statistics show that the province's 1989 volume of hogs bred was 8.54 million head, with 3.829 million head sent to the slaughterhouse, up by 8.3 percent from 1988. Thus, the situation where between 200,000 and 300,000 head of hogs were transferred annually to Jilin from other provinces has come to an end. The volume of sheep bred was 2.683 million head; cattle, 1.959 million head; milk cows, 49,000 head; and poultry, 100 million head. They have all broken through the historical record high of the year 1988. The gross output value of the livestock breeding industry was 1.5 billion yuan, up by 6.38 percent from 1988.

Since the 3d Plenary Session of the 11th Central Committee, Jilin's gross grain output has first broken through 10 billion kg, then 15 billion kg, with a per capita possession of grain in terms of around 700 kg. However, its livestock breeding industry remained relatively backward. Back in 1987, the provincial party committee and government made the strategic decision on developing livestock breeding in a big way to change the situation from exporting grain in exchange for meat to converting grain into meat inside the province. Early this year, they proposed the work target of "guaranteeing self-sufficiency in pork supply; continuing to somewhat develop cattle, sheep, and poultry on the existing rather high level; and forming a whole range of animal husbandry, industry, and commerce as well as production, processing, and marketing." At the same time, they proposed "the separation of livestock breeding from household sideline production to build a relatively independent pillar industry." A series of learning policies and preferential policies by various prefectures, cities, and counties have come out one after another. For example, when a situation surfaced in which hog output was greater than market demand, with prices for hogs going down, the government would implement protection prices for hog procurement; in procuring wool, prices were set based on the rates of pure wool, with higher prices for high-quality wool; and the founding of livestock breeding fund.

The province allotted circulation funds of 10 million yuan to focus support for the livestock breeding of 17 counties (cities) that took hog breeding as the key. The

provincial agricultural development investment company made an investment of 23.8 million yuan to support hog breeding in scope; and the provincial agricultural bank has made loans to livestock breeders totalling 477 million yuan this year despite tight money supply.

Various localities develop livestock breeding by reliance on science and technology; they have augmented scientific research in livestock breeding and the spread of its results in a big way. By adopting fine sheds, breeds, fodder, and whole-ranging technology, the province has bred 565,000 head of hogs, up by 31.4 percent from 1988.

Jilin Province began exploration in the structural reform of livestock breeding, aiming at the long-existing problems such as production and marketing being unbalanced, and the absence of whole-ranging services. The spread of such new forms as a farm or station bringing along some households, and a company bringing along some rural households has enabled the further combination of livestock breeding by thousands of households specialized in livestock breeding and management in scope. Jilin Provincial Livestock and Poultry General Company, which was founded only one year ago, has worked in concerted effort with the Provincial Academy of Agricultural Science on a system for fine breeds of eggs, with the import of the first generation of Yi Sha [0181 5446] hens from abroad. It has set up 17 chicken farms with the second generation of such hens; now the commodity generation of such eggs have spread all over the province.

Liu Jingsong at Liaoning Army-Civilian Soirees

SK3012034289 Shenyang Liaoning Provincial
Service in Mandarin 2300 GMT 29 Dec 89

[Excerpts] On the evening of 29 December, Liaoning Province, Shenyang City, and the Shenyang Military Region cosponsored army-civilian soirees to celebrate the New Year's Day of 1990 at four meeting places, including the Liaoning People's Theater and the Bayi Theater. [passage omitted]

Present at the soiree that was held at the main meeting place—the Liaoning People's Theater—were some provincial and city leaders, including Li Changchun, Sun Qi, Dai Suli, Gao Zi, Wang Guangzhong, Xu Shaofu, Zhang Guoguang, and Wu Disheng; some veteran comrades, including Guo Feng and Li Tao; and Liu Jingsong, Zhu Dunfa, Shi Baoyuan, Li Wenqing, Gao Ke, Zou Yan, and Luo Kunshan, leaders of the headquarters and the political and logistics organs under the Shenyang Military Region, the air force of the region, and the provincial military district. They successively came to the lounge of the theater, shook hands with one another, and extended New Year's greetings to each other. [passage omitted]

Northwest Region

Qinghai Forum Views Economic Situation, Planning

HK0701061990 Xining Qinghai Provincial Service
in Mandarin 2300 GMT 5 Jan 90

[Text] Yesterday morning, provincial people's government invited some provincial people's deputies, members of the provincial CPPCC, and responsible comrades from various democratic parties and Provincial Federation of Industry and Commerce to attend a forum to discuss together economic improvement and rectification in Qinghai Province.

At the forum, Acting Provincial Governor Jin Jipeng reported to all participants the achievements scored by the province in various fields. He pointed out: Although we have done a lot of work, and achieved certain results in various fields, we are still facing many contradictions and difficulties in our present economic work. All these problems have been accumulated for many years in the past. They have manifested both the general character of the whole country and specific character of Qinghai Province. Therefore, we must rely on the strength of the masses and work hard to solve them gradually. He hoped that personages from various circles in the society would actively suggest ways and means to help and support the government to do the work well.

Jin Jipeng continued: This year is the second year of economic improvement and rectification, and a crucial year for the work as well. We must grasp the following two focal points in our work: First, we must increase incomes and reduce expenses, and do what we are capable of. Second, we must make an effort to enhance our economic results. On such a basis, the work which the provincial government must grasp this year is to strive for a good agricultural harvest, and to ensure sustained and stable growth of industry. In accordance with the state plan, we must administer and use well our investments, and continue to do well the work of economic improvement and rectification. We must bring about a brisk market. In the meantime, we must mentally prepare for living a thrifty life. He stressed that living a thrifty life does not mean that the masses must live a hard life. On the contrary, we must guide and educate the masses so that they can maintain a proper growth in consumption. Party and government organs at all levels, institutions and enterprises must work hard

and practice economy, and oppose waste and extravagance. This year the provincial government must also consolidate and readjust the labor market and widely tap sources for employment. We must grasp it as a matter of primary importance. At the same time, we must strengthen the building of spiritual civilization, and do well in systematically straightening out social order.

Acting Provincial Governor Jin Jipeng pointed out: The people's government must serve the people. This is the basic aim of the people's government under the leadership of the party. Therefore, government organs must strengthen their study and unity, and do well in promoting a clean and honest administration. They must conscientiously improve their work style. They must pay attention to carrying out investigation and studies, and proceeding from actual conditions to do well various work in Qinghai.

Chairman of the Qinghai Branch of Jiusan Society (Ye Fei), chairman of the Qinghai Branch of the KMT Revolution Committee (Ma Mending), vice chairman of the Provincial CPPCC Han Shenggui, vice chairman of the Qinghai Branch of China Democratic National Construction (Wang Zhisheng), provincial people's deputy (Xinji Lima), and vice chairman of the Provincial Federation of Industry and Commerce (Nong Yingde) also spoke at the forum. They said: When we enter the first spring of the 1990's, it is good for the provincial government to hold such a forum to tell us something about the situation, and to solicit our opinions. This will play a good role in perfecting and developing the systems of the people's congress, political consultation, and multiparty cooperation under the leadership of the CPC, and in implementing the party policy of united front work. This is a good start. They pledged to give play to their own strong points to discuss and participate in government and political affairs. They would never let the party down. They would make new contributions to invigorate Qinghai's economy. They also put forward many constructive proposals on economic improvement and rectification, deepening the reform, strengthening ideological education, religious and nationality work, the building of the contingent of grass-roots cadres, the building of various democratic parties, and so on.

The forum was presided over by Vice Provincial Governor Bian Yaowu. He also addressed the forum.

Bainma Dandzin, Wu Chengzhi, Ma Yuanbiao, La Bingli, (Zeng Guangrong), and responsible comrades of the Provincial Planning Commission, Provincial Economic Commission, and Provincial Financial Bureau, and so on also attended the forum.

Article Criticizes Independence Movement

HK0401062590 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1021 GMT 29 Dec 89

[“Special Contribution” by Gan Cheng (3927 2110): “A Year in Which a Hullabaloo Was Raised for ‘Taiwan Independence’”—ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 29 Dec (ZHONGGUO XINWEN SHE)—In the past year, the advocates of “Taiwan independence” openly mounted the political stage and raised a noticeable hullabaloo.

The idea about “Taiwan’s independence” had existed for many years, but the “Taiwan Independence” force carried out activities mainly in overseas areas and did not get anywhere inside Taiwan. After Taiwan lifted martial law in 1987, the Kuomintang authorities began to take a more lenient attitude toward the opinions and activities endorsing “Taiwan’s independence.” This provided room for the activities of the “Taiwan independence” force inside Taiwan and even enabled this force to step onto the political stage in Taiwan.

Last August, the “Worldwide Federation of Taiwan Countrymen’s Associations,” an overseas organization for “Taiwan’s independence,” held its annual meeting in Taiwan. The Kuomintang authorities did not even take any action to ban this organization from openly calling for the formulation of a “New Taiwan Constitution” for the purpose of realizing “Taiwan’s independence.” The “Taiwan independence” force thus gradually turned its activities inside Taiwan from covert to overt. During the period of the elections for the three types of public office, the activities of the “Taiwan independence” force reached its peak. Some candidates of the “New Tide” faction of the Democratic Progressive Party established a “New State Alliance” and openly advocated “Taiwan’s sovereign independence.” They called for formulating Taiwan’s “new constitution,” electing a “new national assembly,” and establishing a “new state.” Lin Yi-hsiung, a main convict in the “Formosa Case,” in particular returned to Taiwan from abroad and made public his draft of the “Basic Law of the Taiwan Republic.” Some leaders of an overseas “Taiwan independence” organization also successively sneaked back into Taiwan to cheer up the candidates who advocated “Taiwan’s independence.” Thus, the idea of “Taiwan independence” suddenly spread wide on the island, and the hullabaloo for “Taiwan’s independence” was kicked up.

The election results marked the greatest setback of the ruling Kuomintang, which had dominated Taiwan’s political realm for 40 years. This time, the Kuomintang only won 70 percent of the seats and official posts, while more than 20 candidates of the “New Tide” faction of the Democratic Progressive Party were elected and thus formed a force that would openly contend for political power. According to the mass media in Taiwan, some advocates of “Taiwan’s independence” have drawn up a timetable for realizing “Taiwan’s independence” in the

next 7 to 10 years, and they predicted that Taiwan would solve the issue of “founding the state” by the year 2000. If such activities are allowed to develop in an unbridled way, they will cause serious consequences to Taiwan’s political situation and to the great cause of the motherland’s reunification.

When we review the changes in Taiwan’s political situation in the past year, it is not hard to find that in the 40 years after the Kuomintang moved to Taiwan, the past year was a year the activities of “Taiwan independence” became more rampant than any time before. People now closely watch what countermeasures against such a political situation will be taken by the Kuomintang authorities, who have always declared that they oppose “Taiwan’s independence” and oppose any territorial split in this country.

Changes in Political Situation Viewed

HK2612065889 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 19 Dec 89 p 5

[Speech at forum on Taiwan situation by He Biao (0149 2871), council member of the All-China Federation of Taiwan Compatriots and advisor to TAISHENG (Voice of Taiwan) magazine: “Changes in the Political Situation on Taiwan Island”]

[Text] With the conclusion of the “elections of three categories of government functionaries [referring to members of the Legislative Yuan, city and provincial assemblymen, and mayors and county magistrates],” the basic political pattern characterized by the monopoly of the Kuomintang [KMT], which has ruled Taiwan for 45 years, has not changed. This is to be expected. However, judging by the just-concluded elections of “government functionaries,” there are also noteworthy trends in the evolution of Taiwan’s political situation, in redistribution of power, and in policy direction.

First, the elections results show that the votes gained by the KMT account for only 58 percent of the ballot, much lower than the 70 percent they gained in 1986, which they predicted they could preserve this time. In the election of 21 county magistrates and mayors, they only won two-thirds of the seats. In the hotly-contested six counties and cities, the so-called “first-level war zones” (i.e., Taipei County, Ilan County, Hsinchu City, Chiayi City, Kaohsiung City, and Pingtung County), the KMT candidates have all lost. They have also lost the seat of county magistrate in Changhua County. This is the most disastrous defeat suffered by the KMT since 1972. To some extent it reflects the KMT’s low prestige and its loss of popular support.

Second, this election has again demonstrated and exposed Taiwan’s dirty politics, corruption, and scandals. To fight for the redistribution of power, the contradictions between all political parties and factions on the island were unprecedentedly acute. All kinds of scandals, such as bribes, threats, extortions, beating, smashing, looting, burning, and killing, broke out one after another,

creating a new record of discredited election style. This is the shameful "Taiwan experience" covered up in the garb of "democratic politics."

Third, during the election campaign, the issue of independence and reunification was very prominent, reflecting the public's concern over Taiwan's future. It also shows that all political forces have entered the stage of showdown in terms of the direction of basic policies. Some of the candidates openly declared that the Taiwan authorities should give up Jinmen and Mazu, opening economic and trade contacts between Jinmen and Mazu on the one hand and Xiamen on the other. This proposition was denounced as "self-destruction of the Great Wall." Chao Shao-kang and Yu Mu-ming, the KMT candidates for "members of the Legislative Yuan" who were vehemently opposed to "Taiwan independence," were elected by a large number of votes. In the words of CHUNG-YANG JIH-PAO (Central Daily News), this shows that the "Taipei residents are opposed to Taiwan independence with their votes." On the other hand, the activities of "Taiwan independence" were unprecedentedly frenzied, reaching "three opens," i.e., open activities, open organizations (such as the New Country Alliance of the Democratic Progressive Party), and open political programs (such as Lin Yi-hsiung's "Draft Basic Law for the Republic of Taiwan" and the "Draft Constitution of the Republic of Taiwan" of the New Country Working Committee"). As a result of the "three opens," these people won unexpected victories in the election campaign. The growth of "Taiwan independence" forces is the result of the Taiwan authorities' persistence in

maintaining "hostile consciousness" toward the mainland, engaging in "flexible diplomacy" and "dual recognition" internationally, and pursuing the policy of "KMT-type independence." Although the interests represented by the "KMT-type independence" and "Taiwan independence," as well as their forms of expression, are different, they are the same in that they turn Taiwan into an independent political entity. Therefore, although the "KMT-type independence" is fierce in its attitude toward the frenzied "Taiwan independence" movement, it is faint of heart and can only deal with it in a low-key attitude.

The first "presidential election" held since Chiang Ching-kuo's death will be known in 3 months. Now, a series of overt and covert activities is being launched around the "nomination of members of the Central Executive Committee" and the "National Assembly" election. These activities and their results will have a major effect on Taiwan's political situation and the relations between the two sides of the strait for some years to come and, therefore, draws the attention of all quarters. The mainland compatriots and the 27,000 Taiwan compatriots living on the mainland, who closely follow the changes and trends on the island, vehemently denounce the "Taiwan independence" elements' despicable acts of splitting the motherland. They resolutely oppose the Taiwan authorities' policy of stubbornly upholding the present split on the Taiwan Strait and fervently hope that the Taiwan authorities will achieve the peaceful reunification of the motherland at an early date in accordance with the principle of "one country, two systems."

Radio Commentary Considers Romania

*OW3112095489 Taipei International Service
in English 0200 GMT 28 Dec 89*

[Station commentary: "Those Communist Dominoes"]

[Text] Thirty years of heinous crimes against man were paid for in 3 hours of justice. On Tuesday, Romanian dictator Nicolae Ceausescu and his wife were caught by military forces loyal to the new provisional government in Bucharest, and were executed after a brief trial. Ceausescu's shocking end, and the civil war raging around his demise, have sent shockwaves throughout the diminishing communist world.

The events in Romania could not have happened any quicker. A protest on 15 December in the town of Timisoara, in which civilian demonstrators were ruthlessly gunned down and crushed by tanks, sparked a nationwide revolution to overthrow Ceausescu. Within 10 days, the Romanian dictator was forced to flee his palace in Bucharest by helicopter. Rumors of his whereabouts ended abruptly when the national television showed footage of Ceausescu's trial. The coverage ended even more abruptly with the announcement that he had been led away and executed.

A short 3 weeks ago Ceausescu stood on the balcony of the palace in Bucharest and told a crowd of loyalists that he and the Communist Party would never relinquish power. In the East bloc, however, the dictators are finding out one-by-one that "never" no longer exists in East Europe's people power dictionary.

His demise sends a warning of clear and present danger to the few communist dictators remaining, notably those in Communist China, Cuba, and North Korea. People power is unstoppable, and it will bury even the most hardline of hardline communists, sooner or later. For Ceausescu, the end came sooner than anyone could have imagined. That very fact must be giving the Chinese Communists and other totalitarian stalwarts sleepless nights.

And so it should. Last June, Peking put a dent in the people power revolution in Mainland China by massacring student protestors in Tienanmen Square. That incredibly brutal act was met with congratulations from Peking's bloodthirsty bedfellows in Romania and North Korea. Now one is down, and Peking is sure to face increasing isolation and world condemnation.

History rewrote itself in the second half of 1989. There are those who argue that it all began with the Tienanmen massacre on 4 June. It sent a signal to oppressed peoples everywhere that bankrupt communist regimes had entered the desperation stage. It also told them it was now or never to throw off the yoke.

In East Europe, that is exactly what the people have done. The revolution in the East bloc is a reverse of the old domino theory of communist domination; now, it is the domino theory of the fall of communism. There was

a time, oh, say, even only a few weeks ago, that many people said communism was here to stay, and that it was particularly here to stay in Mainland China. But, now, who dares make such a foolish prediction? The Chinese Communist regime in Peking is no doubt scared stiff, ready to run the next time people power flares on the mainland. Already Peking has put its militia on alert and tightened control of students.

Unless Peking has learned something from Ceausescu's tragic fall, there will be great bloodshed in China. The 60,000 Romanians who have died this week are the equivalent of 60 million in mainland China. A cataclysm of that scale cannot be allowed to happen. The Chinese Communists must go with the flow of history before it is too late.

Article Accuses Mainland of 'Subversive' Activity

*OW0101092690 Taipei Domestic Service in Mandarin
2300 GMT 29 Dec 89*

[Text] As an article in the Hong Kong monthly, TUNGHSIANG [TRENDS], points out, recently large numbers of mainland-made guns have been smuggled into Taiwan. This is a link in the chain of the Chinese Communists' geared-up subversive activities against Taiwan. The purpose is to disrupt Taiwan's public security and create social disturbances on the island.

The article states: Under the condition that guns are under strict control, there has appeared the problem that guns and ammunition have been continuously smuggled from the mainland into Taiwan. Is this merely ordinary news in a society? It should be pointed out that Taiwan's political and economic development over the past years has won praise from the mainland people and, at the same time, angered those holding power on the mainland. To undermine Taiwan's security, the Chinese Communists have sent special service personnel to infiltrate into Taiwan. Their jobs are to covertly support Taiwan's independence, make counterfeit notes of new Taiwan dollars, and smuggle guns and ammunition.

Government Considers Direct Trade With USSR

*OW3012130089 Taipei CNA in English 1129 GMT
30 Dec 89*

[Text] Taipei, Dec. 30 (CNA)—The Republic of China Government has tentatively decided to provide proper assistance to friendly East European countries through the newly established Overseas Economic Cooperation Development Fund in response to recent reforms in the region, Economics Minister Chen Li-an said Saturday.

Chen told a year-end news conference that the Economics Ministry is also considering allowing direct trade with the Soviet Union as the socialist superpower has played a leading role in recent East European reforms. The ROC Government currently allows only indirect trade with the Soviets.

Chen said he had discussed the proposals with Foreign Minister Lien Chan. "Both of us agreed that we should take the initiative to develop friendship and substantive relations with East European countries," he stressed.

Meanwhile, the minister urged local businessmen to think twice before getting involved in the Mainland Chinese market, particularly in the wake of recent reforms in East-Bloc countries.

Chen pointed out that the overthrow of the despotic Ceausescu regime in Romania might trigger political upheaval in the mainland. He advised local manufacturers to slow their efforts to tap the mainland market as market prospects there remain uncertain and risky.

Chen also reported that the Economics Ministry supports the National Science Council-drafted satellite plan. He has directed the ministry's Industrial Development Bureau and the Industrial technology Research Institute to coordinate with private enterprises to develop and produce various components and spare parts for the satellite plan.

"I hope the ambitious plan will help cultivate science and technology manpower in the country," the minister added.

More on Lien Chan's Remarks on East Europe Ties

*OW0101083690 Taipei Domestic Service in Mandarin
2300 GMT 30 Dec 89*

[From the "National Hookup" program]

[Text] Referring to the rapid movement by East European countries toward freedom and democracy, Foreign Minister Lien Chan said that more friendly relations, including official relations, will be established with these countries on the basis of mutual agreement. This was the first time that the foreign minister of the Republic of China [ROC] openly expressed the ROC's willingness to establish official diplomatic relations with East European countries. Minister Lien Chan said:

[Begin recording] These East European countries have embarked rapidly on the road of freedom and democracy and share common ideals and goals with our country. In economic terms they can supplement us, just as we can supplement them. We should consider building more friendly relations with those countries on the basis of mutual agreement. This, of course, includes official relations. However, I have to stress that this must be based on mutual agreement to promote new cooperative relations. [end recording]

The time is now ripe for our country to establish an official representative office in Hungary, which was the first East European country to see the flower of democracy bloom.

The Ministry of Foreign Affairs will send high-ranking officials to Hungary in the near future to make final arrangements.

In addition, Minister Lien pointed out that, based on humanitarian consideration, our country will provide Romania with humanitarian relief funds through international organizations to help that country (?revive) from the damage suffered in the recent incident.

Li Teng-hui Predicts Demise of Communism

*OW3112200689 Taipei CNA in English 1441 GMT
31 Dec 89*

[Text] Taipei, Dec. 31 (CNA)—President Li Teng-hui, referring to the recent political upheavals in Eastern Europe, predicted optimistically Sunday that the 20th century would see communist regimes uprooted throughout the world.

"We believe," President Li said, "that although the 20th century is the one in which communist regimes seized power, the 20th century will also be the one in which communist regimes will meet their end."

Li made his forecast in his New Year's message marking the 79th founding anniversary of the Republic of China [ROC].

He noted that, from mainland China to Eastern Europe, calls for political democracy and social development are "reverberating far and wide," because people have "awaken to the value of human dignity." [as received]

"This trend of our times," Li said, "has spelled the imminent demise of the Chinese Communists and has reaffirmed the inevitability of China's eventual reunification."

He said "the Chinese people are not a people who will willingly allow themselves to be trampled underfoot by Marxism-Leninism."

But the president, urging all Chinese to remain vigilant while feeling gratified, cited a Chinese proverb: "The last 10 miles of a hundred-mile journey require half the total effort."

All countrymen, Li explained, must constantly push themselves to enrich the Taiwan experience and to complete the nation's mission of reunifying and rebuilding China in the final decade of the 20th century.

Lee also urged all ROC citizens, civilians and military alike, to "join hands and stride forward with all the other democratic and peace-loving countries of the world, to usher in a peaceful and glorious 20th century."

On ways to build a new China, Li called for the thorough implementation of democracy by which, he asserted, "we can lay a firm foundation for good government and long-term peace for our country."

He gave credit to traditional Chinese culture that has been despised and trampled by the Chinese communists, saying that "only by returning to traditional Chinese culture can we truly solve the China problem."

The president reasserted that Taiwan and the Chinese mainland are parts of the indivisible territory of the Republic of China, and that China must be united according to the free will of all Chinese.

Reportage on Constitution Day Activities, Protest

Premier's Speech Disrupted

OW3112183189 Taipei CHINA POST in English
26 Dec 89 p 12

[Text] Premier Li Huan hurried through his speech in 11 minutes, while opposition National Assembly members attempted to disrupt Constitution Day rally at the Chungshan Hall in Taipei yesterday.

Eleven assemblymen of the opposition Democratic Progressive Party (DPP) shuffled through the aisles before storming up the stage behind Li and unfurling banners demanding assembly members of the ruling Kuomintang who last faced elections in mainland China in 1947 step down.

Li's wife, Pan Hsian-ning, is a mainland-elected member of the assembly, or electoral college.

Embattled mainland-elected assembly members shouted, "Drag (them) out."

Irvine Ho, secretary-general of the Assembly, warned the opposition assemblymen, "You should not go too far."

The premier, meanwhile, appeared calm, but hurried through his address.

In his speech, Li said reunification of Taiwan and mainland China "is not a dream."

"The East, West Berlin Wall was torn down overnight. The Romanian government collapsed overnight. Counterattacking the mainland is definitely not a dream. Good dreams can come true," he said.

When asked how he felt after the rally, Li said, "Nothing."

But he jokingly said, "There's a lot of news today."

Protesters Demand Direct Elections

OW3112180889 Taipei CHINA POST in English
26 Dec 89 p 12

[Text] About 6,000 protesters took to the streets of Taipei yesterday to demand direct presidential elections as President Li Teng-hui addressed a Constitution Day rally disrupted by jeering from opposition National Assembly members.

The demonstrators jammed the street in front of the Chungshan Hall, raising huge white banners and chanting slogans calling for aging assembly members who last faced election in mainland China in 1947 to retire.

Barbed-wire barricades were set up on all streets leading to the hall to prevent the protesters from approaching.

Riot police maintained a discreet presence to avoid provoking protesters. However, hundreds stood by inside nearby buildings. No untoward incident was reported, with the protesters dispersing at 1:30 p.m.

The protest was organized by the opposition Democratic Progressive Party (DPP), which dealt the ruling Kuomintang (KMT) its worst electoral setback in local and national polls on Dec. 2.

The DPP is demanding direct presidential elections because it is technically impossible for it to become the ruling party under the present system.

The president is elected every six years by the National Assembly, which is dominated by aging KMT stalwarts who have been frozen in office for more than four decades.

Of the assembly's 862 members, 778 are mainland-elected, most of whom are members of the KMT, and their average age is 75.

The 84 other assemblymen, 11 of whom are DPP members, were elected in Taiwan in 1986 and have to stand for reelection every six years.

A presidential candidate needs the endorsements of 100 assemblymen. It is therefore technically impossible for the DPP to even field a candidate in presidential elections.

During the six-hour protest, DPP leaders took turns delivering speeches atop sound trucks.

Not End But Start

"This is not the end but the beginning of our fight for direct presidential elections," said Chang Chun-hong, secretary-general of the DPP.

"The president elected by old thieves (mainland-elected assemblymen) is an old thief president," said Yao Chia-wen, former chairman of the DPP.

"The Taiwan people cannot accept another member of the Chiang family as president or vice president," Yao said in an apparent reference to Wego Chiang.

Wego, youngest son of strongman Chiang Kai-shek and half brother of the late President Chiang Ching-kuo, is a possible vice presidential candidate.

Newly elected opposition Legislator Lu Hsiu-Yi lashed out at mainland-elected assemblymen for drawing monthly salaries of more than NT [new Taiwan] \$100,000 each for four decades, although the assembly should be a non-paying job.

The protesters also chanted, "Hsu Hsin-liang Not Guilty, Hsu Hsin-liang Not Guilty."

Hsu, a dissident who was arrested on Sept. 27 upon his return after 10 years of exile in the United States, was sentenced to six years and eight months in prison by the Taiwan High Court last Saturday for plotting to topple the government.

Cursing, Scuffles

Inside the Chungshan Hall, 11 DPP assemblymen cursed mainland-elected colleagues and scuffled with plainclothesmen when they were prevented from bringing banners into the hall. A skirmish also broke out between DPP and KMT assemblymen.

But when president Li Teng-hui arrived to address the rally, the opposition deputies toned down.

They merely unfurled banners which they had hidden under their shirts reading, "Wego Chiang Get Out," "Hsu Hsin-liang Not Guilty" and "President Elected by the People."

After Li finished his speech and left, pandemonium immediately returned.

A fracas erupted when a plainclothesman tried to grab one of the banners from Assemblyman Hong Chi-chang, who was on his way out.

Another plainclothesman was nabbed by DPP Assemblyman Huang Chau-huei after the two tussled.

The plainclothesman was released on bail after questioning by the Taipei district prosecutor.

Radio Commentary

*OW0101101690 Taipei International Service in English
0200 GMT 27 Dec 89*

[Commentary by Joanna Fu: "The Constitutional Issues"]

[Text] A Constitution Day meeting of the National Assembly on Monday [25 December] was somewhat marred by opposition rallies demanding the retirement of senior deputies in the assembly. The protestors also demanded that the Constitution be revised to include direct, popular presidential elections, replacing the current system of having the National Assembly, which acts as an electoral college, elect the president and vice president every 6 years. The next election is slated for 21 March.

Inside the meeting 11 opposition members of the assembly shouted and raised banners as the national anthem opened the meeting.

In the keynote speech, President Li Teng-hui told assembly members that the Constitution should be guarded and that its spirit must be kept intact. It serves as the foundation of the country and no one should randomly call for its revision, he said. But Li stopped

short of saying the Constitution could never be amended. That job, if needed, is in the hands of the National Assembly.

Any discussion of constitutional issues must not violate the fundamental spirit of the Constitution itself. But the president also added that more tolerance of opposing views is certainly natural. He said that the more open the society becomes, the more tolerance people develop for opposing views. Li did stress, however, that, quote, any attempts to divide the nation, sabotage the sovereignty of the country or obstruct national reunification will not be tolerated, and violate both the law and the wishes of the people, unquote.

Li and the majority party, the Kuomintang, which he also heads, have found themselves between a constitutional rock and a hard place on meeting the demands of the opposition. Li has repeatedly said that forced retirement of the senior members, who have not had to stand for reelection since 1947, is not in the cards. But the Kuomintang has devised a voluntary retirement scheme, which some members have accepted. In the assembly, still more than two-thirds of the members were mainland elected.

Polls have indicated that the public feels the senior members should step down to make way for new blood in the assembly. The public is divided, as is the Kuomintang itself, on how this should be accomplished.

The issue of direct presidential elections is equally sensitive, specially from a constitutional point of view. This would require an amendment. Again, the public view appears to be divided. While many would like to see direct elections, few want the risk of the attendant instability those elections might engender. Thus the twin constitutional issues involve representation. The current system stresses the senior members' tie with Mainland China; a new one would create representation for the Taiwan area only. Most people think that should be the goal, but differ on how to get there.

No matter, it now seems clear that the Kuomintang cannot wait for natural attrition of the aging members to run its course. Solutions to these constitutional issues are needed soon.

Commentary for the Voice of Free China. This is Joanna Fu.

Li Huan Denies Rumor of Pending Resignation

*OW3112234889 Taipei International Service in English
0200 GMT 31 Dec 89*

[Text] Premier Li Huan has strongly denied the report that he had presented his resignation to President Li

Teng-hui earlier this month to take responsibility for the ruling party's setback in the December 2d election.

The 72-year-old premier, who only took office in early June, told reporters that there was no such thing at all.

The Chinese-language Hong Kong EXPRESS on Friday reported that Premier Li had handed his resignation to President Li in early December, but the president had not accepted it.

Li added that he could not understand why the newspaper said he wanted to take the responsibility for the

election results. He stressed that his administration was only responsible for the conduct of the election and he considered the process a success.

Premier Li also stressed that he had been concentrating his efforts in various aspects of his job since he took office and was committed to doing his utmost to solve the problems facing the nation.

He also urged all the administrative agencies to redouble their effort to serve the general public during the coming year.

Hong Kong

PRC Foreign Ministry Plans New Office

HK0201015390 Hong Kong HONGKONG STANDARD
in English 2 Jan 90 p 3

[By Stanley Leung]

[Text] China's office responsible for the foreign relations of the post-1997 Hong Kong Special Administrative Region government will be divorced from the local XINHUA News Agency, according to sources.

The official news agency is currently Beijing's de facto consulate in Hong Kong.

A Chinese source said that in the prelude to 1997, a foreign ministry office would be created from the Chinese office of the Sino-British Joint Liaison Group [JLG].

The creation of the office would be part of a reorganization China would conduct before 1997 to ensure its sovereignty after the changover, the source said.

Vice Foreign Minister Mr Zhou Nan told THE HONGKONG STANDARD in Guangzhou in December that the new body would be separate from XINHUA and he confirmed such a diplomatic office would be established.

"The (diplomatic) representative office is one thing, and the XINHUA office is another," he said.

Mr Zhou also said the diplomatic office would not directly replace the JLG office, which is due to be dissolved in 2000.

The new Chinese office is likely to use the JLG's facilities and manpower, but it is understood that Beijing would distinguish between its future foreign affairs office and the JLG office, which would have entirely different functions.

According to the Sino-British Joint Declaration and the Basic Law, Beijing is responsible for the region's foreign affairs. The Basic Law draft has also called for the Chinese Foreign Affairs Ministry to establish an office to conduct Hong Kong's foreign affairs.

The XINHUA branch, led by Mr Xu Jiatun, now effectively represents China, although the Government has not recognized any diplomatic office of China here.

The JLG is a diplomatic body formed to oversee the implementation of the Joint Declaration.

The Foreign Ministry branch office, however, would be Beijing's official representative to conduct the region's foreign affairs after 1997.

A Chinese source said it would be natural for the Chinese JLG office to evolve into a foreign affairs office.

At present, the Chinese JLG office, and the visa office which issues visa to foreigners, are located in the same six-storey building adjacent to the Chinese Resources Building in Wan Chai.

After 1997, the diplomatic duties now assumed by XINHUA's foreign affairs officials would be given to the Foreign Ministry office.

Sources said that XINHUA was not likely to be disbanded. Instead, it would be restricted to disseminating news.

It might also promote cultural and economic ties, the sources said.

Group of 89 Pleads for More Democratic Framework

HK2912014589 Hong Kong SOUTH CHINA
MORNING POST in English 29 Dec 89 p 5

[By Chris Yeung]

[Text] Leaders of the influential Group of 89 have asked for talks with leading Chinese officials in an 11th-hour plea for a more democratic political framework to be established for post-1997 Hong Kong before Basic Law drafters decide the final blueprint next month.

The business and professional leaders are hoping that an appeal to the Zhongnanhai leaders, such as Communist Party General-Secretary, Mr Jiang Zemin, will help fight for a "less conservative" political blueprint.

It is learned that the formal request for a top-level talk was made earlier this month.

The plan is to finalise the line-up of the team only after a formal reply is received. But group leader, Mr Vincent Lo Hong-sui, is expected to head the team.

One member, who preferred not to be named, said: "We'll try our best to give 100 percent effort, even if it means we might be able to fight for only a one percent improvement. That's the only way we can give an account to Hong Kong people and our conscience."

He said they would also lobby for support among local drafters in the next few weeks.

Meanwhile, the moderates, although largely dissatisfied with the drafters' decisions, have decided not to send representatives to Beijing.

The move by the Group of 89 follows several vital decisions by the drafting body's political sub-group on the final post-1997 political blueprint at a meeting this month.

The sub-group decided to confine the share of directly elected seats in the first legislature in 1997 to no more than 18, or 30 percent of the 60-member legislature.

To ensure a period of "long-term stability", they agreed there should be only minimal, if any, changes to the political system in the first decade after 1997.

A separate voting mechanism should also be introduced among legislators elected through different modes of elections when dealing with certain bills. This was designed to ensure that "the minority voices" would be heard in the law making body.

Chinese officials have insisted the conclusions represented "a composition" of the features of the three models formally raised by drafters at the meeting. The three were the bicameral model, the new composite model and the so-called "3-3-3" package.

The "4-4-2" proposal was flatly rejected immediately after it was raised by Miss Maria Tam Wai-chu at the meeting.

A core member of the business and professional lobby, Mr Chan Wing-kee, said they were very disappointed that the compromise "4-4-2" package was not considered.

"They just combined the most conservative elements of the three models into one. It's a bit absurd and unconvincing."

The garment manufacturer warned that the future political system would be ultra-conservative and might lead to over-concentration of power in the hands of the chief executive.

Mr Chan said: "The success of the Government in the past decades has been partly attributed to a clean government. But now it poses a threat that even the legislature and the Central People's Government might not be able to check on the abuses of the chief executive."

A separate voting mechanism within the legislature would divide the lawmaking body, resulting in the lack of a unified power to check on the power of the chief executive.

"The legislature might not even be able to endorse an impeachment over corruption acts of the chief executive."

The "10-years' slow down" of changes would also mean the system would remain intact at least until 2047, he said.

Mr Chan said: "They're not talking about a period of stability in 10 years, but 50 years. It seems that everybody has resigned to the grim reality and shut up. Maybe they feel hopeless. That's the worst and most pitiful reaction."

Group To Visit UK for Right Of Abode Lobbying

HK0201024590 Hong Kong HONGKONG STANDARD
in English 2 Jan 90 p 3

[By Yue Sin-yui and Franz Leung]

[Text] Hong Kong's Director of Administration, Mr Donald Tsang, has called on the Chinese government to show a greater understanding for the territory's confidence crisis.

His call came after China criticised Britain's right of abode package, under which 50,000 heads of families will get British passports.

Mr Tsang plans to go to London this month to thrash out the points system in the nationality package with Britain's Home Office experts.

Mr Tsang said he would meet British officials in the Home Office, which had been responsible for the nationality package.

Accompanying Mr Tsang would be the deputy Secretary for Civil Service, Mr Keith Shipley and the Security Branch's Principal Assistant Secretary, Mrs Leslie Wei Chui Kit-ye.

They had earlier travelled to London to give details about Hong Kong's brain drain problem and the difficulty in retaining civil servants.

Mr Tsang said the Hong Kong Government already had its own point system in mind and they would discuss it with British officials.

He said the fact that only a small fraction of people could have British citizenship was a problem for the whole community.

Meanwhile, a total of 10,000 Britons will be asked to back the restoration of the British right of abode to all Hong Kong British passport holders in a mass mailing campaign.

The letter campaign, which started yesterday and ends on Sunday, aims to rally support for the right of abode by local Chinese individually writing to a British elector in the hope of influencing public opinion in Britain.

The campaign is organised by the Do Right by the People of Hong Kong group, which was formed by local Britons and Chinese after the June 4 crackdown.

The letter campaign invites local Chinese to sign a standard letter which stresses the moral responsibility and commitment of human rights of Britain to the Hong Kong people.

A spokesman said the receivers of the letters will be asked to back the campaign by mailing a postage paid postcard included in the letter to a box number in England, from where the responses would be mailed to British MPs.

She said the group would hold a formal opening ceremony today, which would be officiated over by legislator Mrs Rossana Tam, convener of Omelco's [Office of the Members of the Executive and Legislative Councils]

special nationality group, legislator Mr Leong Che-hung, nationality lobbyist Rev Lo Lung-kwong and showbusiness figures.

December Refugee Departures Exceed Arrivals

HK2912014389 Hong Kong SOUTH CHINA MORNING POST in English 29 Dec 89 p 3

[Text] With another 120 Vietnamese boat people leaving on the eighth voluntary repatriation flight today, departures from Hong Kong this month are set to top 650 compared with 194 arrivals.

It is the first time this year that more boat people and refugees have left Hong Kong in any one month than have arrived.

So far this year 756 boat people have left voluntarily, 51 boat people were returned to Vietnam mandatorily and 4,556 refugees have been resettled in third countries.

In all 5,363 Vietnamese have left whereas 34,116 boat people have sailed into Hong Kong this year.

The United Nations High Commissioner for Refugees (UNHCR), which runs the voluntary repatriation scheme, says it has been surprisingly successful and should be given more time and resources.

There are about 1,000 volunteers still in Hong Kong waiting to return to Vietnam.

However, the Government says that voluntary repatriation cannot act as an effective deterrent to stem a possible influx next year and is determined to proceed with mandatory repatriation.

It is believed the next group to be mandatorily repatriated to Vietnam will leave before January 18.

Future Plans for UK Consulate Announced

HK2712015789 Hong Kong SOUTH CHINA MORNING POST in English 27 Dec 89 p 5

[By Andy Ho and Kent Chan]

[Text] The building that will house the future British Consulate-General in Hong Kong is expected to be in place by 1995, even though the consulate's activities will not be in full swing until after 1997.

A British Foreign and Commonwealth Office team (FCO) visited Hong Kong in late October to discuss the consulate project with a view to identifying suitable sites.

The senior British Trade Commissioner, Mr Peter Heap, said a decision on the project could be made as early as next year.

"The British Government is conscious of the need to make progress," he said.

Mr Heap said the British Government had yet to decide if it wanted to build a new premises or rely on an existing office block.

The FCO earlier rejected the Parliamentary Foreign Affairs Select Committee's suggestion to house the consulate in the Prince of Wales' Building on the HMS Tamar site in the Central waterfront.

Mr Heap said: "Clearly, the British Government does not think that is a practical proposition. We will have to look at other options."

He said it would take three to four years to finish the construction project on an empty site.

Despite there being no deadline for when the building should be available, Mr Heap said: "1995 would be a good time to be ready".

"We recognise there should be a significant British Government presence here," he said. "It will be a major Consulate-General for us".

"We'll need that well in advance. We'll be having a major visa section here which provides service to British and Hong Kong British subjects."

Mr Heap said the future consulate would consist of political, commercial, immigration and information sections.

Although Britain would have to start some immigration-related work before 1997, the bulk of the work would continue to be shouldered by the Hong Kong Government, he said.

Panamanian Consul Denies Alleged Passport Sales

HK0901075190 Hong Kong AFP in English 0733 GMT 9 Jan 90

[Text] Hong Kong, Jan 9 (AFP)—The Panamanian consul general in Hong Kong, a nephew of deposed Panamanian dictator Manuel Antonio Noriega, Tuesday denied any link between his office and alleged sales of his country's passports here.

Ciro Noriega said: "We don't have the right to issue passports in Hong Kong, so it has nothing to do with our office here."

Mr. Ciro Noriega made his statement to Hong Kong government-run radio RTHK.

He was responding to reports from Panama City Monday that Panamanian passports were illegally sold at up to 15,000 U.S. dollars apiece in this British colony.

The report, quoting Jose Chen Barria, Panama's new director of Immigration and Naturalization, said altogether more than 40,000 foreigners, including Cubans, Chinese and Libyans, had paid between 10,000 and 15,000 U.S. dollars to the deposed regime for visas, passports and residency cards.

In Hong Kong, the operation involved the sale of Panamanian passports to "Chinese citizens," Mr. Chen said.

It was not immediately clear whether the Chinese citizens were ethnic Chinese in Hong Kong or those from neighbouring mainland China.

"We just receive applications from Panamanian citizens who want to renew their passport in Hong Kong and we send their applications to the passport department," Mr. Ciro Noriega told RTHK. "That's our only duty here regarding passports."

'Huge Public Spending' To Produce Deficits

HK2312025189 Hong Kong SOUTH CHINA
MORNING POST in English 23 Dec 89 pp 1, 4

[By Fanny Wong]

[Text] Hong Kong is heading for a period of deficit in the 1990s as the territory gears itself towards huge public spending on the mammoth \$127 billion port and airport projects.

But the Government is still anticipating a surplus to the tune of \$10 billion for the current financial year.

Speaking at a year-end briefing, Secretary for the Treasury, Mr Hamish Macleod, said: "The port and airport projects will be a key factor in devising the strategy on expenditure, revenue and the size of the civil service over the next decade."

He said expenditure was expected to peak around 1994-95.

"Bearing in mind the port and airport, we certainly don't rule out drawing to some extent on our reserve. If we draw on reserve, that means you can have deficit."

This will put an end to Hong Kong's record surplus run which began in the 1985-86 financial year.

Mr Macleod declined to say if Hong Kong was bracing for a deficit as early as next financial year, nor did he say if it would happen before peak expenditure.

"I wouldn't want to be as specific as this" said Mr Macleod.

"There'll be a particular peak of expenditure in 1994-95. For the extent to which that translates into a deficit in that year, we have to wait and see because it will depend on how much of that peak we can finance from the private sector, how much is actually Government money and so on.

"In terms of construction activities, there'll be a peak. There'll be a certain degree of strain on the construction industry at that time."

Mr Macleod stressed that Hong Kong's finances are still healthy.

"At the moment, we're still in the happy stage of financial surplus. We're more or less on target for a reasonable surplus this year.

"Certainly, this year would be around \$9 billion to \$11 billion. It would not alter very much. That will bring the reserve to \$70 billion."

In the longer term, however, if the economy slowed down, it would affect revenue, said Mr Macleod.

Asked if Hong Kong should convince China to take part in the project, Mr Macleod declined to comment.

He said: "At the moment, we can afford the port and airport projects together with the private sector participation.

"After all, we're building our assets that will go on for many years beyond 1997."

Chinese Communist Party chief, Mr Jiang Zemin, had warned that Hong Kong has to take on board its financial ability in carrying out the massive infrastructural development.

He said the projects would have to be done according to the territory's financial strength.

"You have to tailor your suits according to your size," said Mr Jiang.

The message was recently relayed to Hong Kong through a delegation of Hong Kong journalists led by TA KUNG PAO publisher, Mr Yang Qi.

Similar to the financing of the construction of the Mass Transit Railway, debt repayment is expected for the port and airport projects as they will be financed by both public money and loans.

But Mr Macleod said this would not pose a big problem and Hong Kong need not worry that it would drain away the reserve.

"We can use part of our reserve, but certainly it won't run down to nothing. We will continue to keep a reasonable level of reserve."

Mr Macleod said the Government expected the costs for the port and airport schemes to rise when detailed planning and costing was available.

But he hoped that the rate of increase would not be too substantial.

Many overseas firms have expressed an interest in participating in these projects.

Mr Macleod anticipated that the airport plan would be undertaken by a consortium rather than a single company.

Meanwhile, the American Consulate Chief of the Foreign Commercial Service, Ms Ying Price, said the U.S.

would invite Hong Kong officials dealing with the infrastructural projects to the country between next March and May.

They are requested to brief the U.S. on the latest of the projects, she said in an interview with the Hong Kong China News Agency.

Among those invited are Secretary for Economic Services, Mrs Anson Chan and Secretary for Planning, Environment and Lands Mr Graham Barnes.

Macao

Taiwan To Open Trade, Tourism Office

HK3012020789 Hong Kong HONGKONG STANDARD in English 30 Dec 89 p 3

[By Harald Bruning in Macao]

[Text] Taiwan is to open an office in Macao—its first since China's Cultural Revolution sparked trouble in the enclave in 1967.

The office will officially be called the Taipei Trading and Tourism Agency.

It is to be a non-political agency.

A spokesman for the Macao branch of the XINHUA News Agency said China welcomed the establishment of the Taiwanese office "for purely commercial and tourism purposes".

But the spokesman said agreements between Lisbon and the Beijing authorities forbade Taiwan setting up an official or semi-official office Macao.

Beijing, which still considers Taiwan a province, was adamant about this, he said.

The director of the new office, Mr Lee Mei-chang, said yesterday the agency had been registered with the Macao government and matters were in hand.

The new office will open for business late next month.

The agency will be housed in the Centro Commercial building which is close to the XINHUA office.

Mr Lee said the agency would not be involved in political matters.

He said it would serve as a "bridge" to provide services in Macao for visitors from Taiwan.

It will also investigate business opportunities in Macao for Taiwanese investors.

Macao sources said it was believed the agency would soon be allowed to issue visas for Taiwan.

At present, Macao residents have to go to Hong Kong for them.

The XINHUA spokesman said the news agency would keep a close watch on the new office.

A Macao government official stressed that "because of all the political sensitivities involved", the Taiwanese office would be welcomed in Macao "as long as no political activities are pursued by them".

There would be major problems if the people in the new office engaged in political activities, he said.

Taiwan's economic influence has increased in Macao over the past few years.

Taiwanese businessmen claim to have invested \$3 billion in the Macao Jockey Club.

They have also discussed setting up a 300-hectare industrial park on reclaimed land between Taipa and Coloane islands with the Macao authorities.

A twice-weekly ferry service has been running between Kaohsiung in southern Taiwan and Macao since August.

Seven percent of all Macao imports come from Taiwan and trade is flourishing.

More than 50,000 Taiwanese residents have visited Macao in the past year.

Most of them were on their way to or from the mainland.

Pro-Taiwan activities have been banned in Macao since January 1967 following riots sparked by the Cultural Revolution.

The Beijing government has also put pressure Macao over the matter.

After mainland pressure, it has been illegal to fly a Nationalist Chinese flag in Macao since 1967.

The only remaining Nationalist symbol in Macao is the Dr Sun Yat-sen Memorial House.

It is run as a museum by a small group of local right-wingers.

Hardliner To Resign From Legislative Assembly

HK3112070489 Hong Kong SUNDAY STANDARD in English 31 Dec 89 p 4

[By Harald Bruning]

[Text] Pro-Beijing Macao community leader and multimillionaire Ma Man-kee said yesterday he would resign from the Macao Legislative Assembly "as soon as possible".

Ma, aged 70, has represented the enclave's commercial constituency as an indirectly elected member of the 17-strong Legislative Assembly since 1976.

He is also the chairman of the pro-Beijing Macao Chinese Chamber of Commerce.

Ma said he would resign as soon as a replacement had been found by the local business community.

He was re-elected to the Legislative Assembly in October 1988 for a four-year term, but said his other commitments prevented him carrying out his duties in the Legislative Assembly.

Mr Ma was the enclave's only Chinese community leader who supported Beijing's June 4 crackdown on the pro-democracy movement, blaming former Communist Party secretary-general Zhao Ziyang for the resulting turmoil.

"Pro-democracy demonstrations in Hong Kong and Macao in support of the Chinese students have been caused by a wrong interpretation of the reality in Beijing," he said in interviews after June 4. Such support for the violence of June 4 and the crackdown thereafter led the enclave's small pro-democracy movement to demand his resignation from all public appointments.

There were two suspected arson attacks on property owned by Ma's companies in July.

Also, several students who had publicly spoken against him were beaten and the assailants have yet to be captured.

He also announced that he had voted to oust Zhao as chairman of the Central Military Commission.

He is a member of the mainland's rubber-stamp Standing Committee of the National People's Congress.

Ma was also expected to resign from the chairmanship of the Macao Chinese Chamber of Commerce early next year when new board elections were scheduled.

However, it was believed that he would remain one of Macao's five deputies to the National People's Congress in Beijing.

Ma was born in Nan Hai near Guangzhou in 1919, and went to Macao during the Sino-Japanese War in 1941.

He worked as a personal assistant to legendary Macao community leader Ho Yin until his death in December 1983.

Ma succeeded Ho as chairman of the Chamber of Commerce, which traditionally carries with it leadership of the enclave's Chinese community.

Observers have said that Edmundo Ho, son of Ho Yin, would assume Ma's role as Chinese community leader.

Ho, aged 36, is vice-chairman of the Legislative Assembly, president of the Macao Banking Association, director of Tai Fung Bank, Macao Basic Law Drafting Committee and Consultative Council vice-chairman, and a member of the National People's Congress.

It is generally assumed that he is being groomed by Beijing to become the enclave's first Chinese governor on December 20, 1999 when Macao reverts to China.

He graduated in accounting from a Canadian university and took over as director of Tai Fung Bank, which is partly owned by his family, after his father's death in 1983.

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